

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Marine Midland Bank** prepared by the **Federal Reserve Bank of New York**, the institution's supervisory agency, as of **November 4, 1996**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

The new CRA regulation will be phased in over a two year period beginning July 1, 1995. During that period, banks with total assets greater than \$250 million will be examined under the current regulation with its twelve assessment factors until July 1, 1997. However, to comply with the requirements of Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, this evaluation includes conclusions with respect to overall performance as well as the bank's performance in each Metropolitan Statistical Area and Non-Metropolitan Statistical Area which the bank has delineated for CRA purposes

## **ASSIGNMENT OF RATING**

### **Identification of Ratings**

**In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:**

#### **Outstanding record of meeting community credit needs.**

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### **Satisfactory record of meeting community credit needs.**

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### **Needs to improve record of meeting community credit needs.**

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### **Substantial noncompliance in meeting community credit needs.**

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

## **DISCUSSION OF INSTITUTION'S PERFORMANCE**

**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory based on the findings presented below.

Marine Midland Bank's level of compliance with the Community Reinvestment Act is assessed as Satisfactory. The bank has taken significant steps to meet community credit needs through the bank and its mortgage subsidiary, and through substantial participation in innovative community development projects and programs. Management's commitment to its various communities is supported through the operations of the CRA program. However, mortgage lending performance in low- and moderate-income census tracts is weak in many communities throughout the bank's delineation and needs to improve. In addition, home improvement, small business and community development in certain segments of the delineation could be improved. (See the following sections of the disclosure for details: Conclusions with Respect to Performance Categories on page 8 and Metropolitan Statistical Areas and Non-Metropolitan Statewide Areas analysis on page 22.)

## **DESCRIPTION OF INSTITUTION:**

Marine Midland Bank, Inc. is a full-service commercial bank headquartered in Buffalo, New York, which is part of MSA 1280 (Buffalo-Niagara Falls, NY). It is a wholly-owned subsidiary of HSBC Americas, Inc. ( HSBCA ), a New York State-based bank holding company. HSBCA is wholly-owned by London-based HSBC Holdings which is a global financial services company.

Marine Midland Bank ( Marine ) is HSBCA's principal subsidiary, with 324 branch offices throughout 41 fully and 11 partially delineated New York counties. The bank's assets totaled \$22.0 billion as of September 30, 1996.

No financial or legal factors exist which would impede Marine in fulfilling its responsibilities under CRA.

## **REASONABLENESS OF DELINEATED COMMUNITY**

Marine's delineation consists of all or portions of 37 counties located in 13 Metropolitan Statistical Areas ( MSAs ) and all or portions of 15 counties not located in MSAs. The delineation is based on the political boundary and effective lending territory criteria permitted by Sections 228.3(b)(1) and (2) of Regulation BB.

The 13 MSAs, and 15 non-MSA counties are described below.

- All of MSA 5600 (New York, NY), consisting of Kings, Bronx, New York, Putnum, Queens, Richmond, Rockland, and Westchester Counties.
- All of MSA 5380 (Nassau-Suffolk, NY), consisting of Nassau and Suffolk Counties.
- All of MSA 1280 (Buffalo-Niagara Falls, NY), consisting of Erie and Niagara Counties.
- All of MSA 6840 (Rochester, NY), consisting of Monroe, Wayne, Orleans, Livingston, Ontario, Genesee Counties.
- A portion of MSA 0160 (Albany-Schenectady-Troy, NY), consisting of Albany, Schenectady, Rensselaer, and Saratoga Counties. The delineated portion of Montgomery County includes only the eastern half of the county.
- A portion of MSA 8160 (Syracuse, NY), consisting of Onondaga, Oswego and Madison Counties. The delineated portion of Cayuga County includes only the northern half of the county.
- All of MSA 8680 (Utica-Rome, NY), consisting of Oneida and Herkimer Counties.

- A portion of MSA 5660 (Newburgh, NY-PA) consisting of Orange County, New York.
- All of MSA 0960 (Binghamton, NY), consisting of Broome and Tioga Counties.
- All of MSA 2281 (Dutchess County, NY), consisting of Dutchess County.
- All of MSA 3610 (Jamestown, NY), consisting of Chautauqua County.
- All of MSA 2335 (Elmira, NY), consisting of Chemung County.
- A portion of MSA 2975 (Glen Falls, NY), consisting of all but the northeastern corner of Warren County and all but the two northernmost census tracts of Washington County.
- The non-MSA Counties of Clinton, Tompkins, Jefferson, St. Lawrence, Cortland, Sullivan, Franklin and Lewis and portions of the non-MSA counties of Ulster, Greene, Cattaraugus, Essex, Hamilton, Schuyler, and Wyoming.

Marine's delineated community includes 4,559 populated census tracts or BNAs that contain housing units of which 1,230, or 27 percent, are low- and moderate- income. The total number of owner-occupied housing units within Marine's delineation is nearly 3.3 million with 379 thousand or 11 percent in low- and moderate-income tracts or BNAs. The population within the bank's delineation is 17.2 million of which 26 percent or 4.5 million live in low- and moderate-income census tracts and BNAs.

The bank's delineation does not arbitrarily exclude low- and moderate-income areas. An analysis of the geographic distribution of the bank's loan applications and approvals revealed that a substantial majority were from within the bank's delineation. This high level of applications and approvals supports the reasonableness of the bank's delineation.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CATEGORIES:**

The following is a summary of Marine's CRA performance based on the five performance categories: 1) Community development; 2) Geographic distribution and record of opening and closing offices; 3) Marketing and types of credit offered and extended; 4) Discrimination and other illegal credit practices; and, 5) Ascertainment of community credit needs. See the MSA analyses that begin on page 28 for further details regarding the assessment factors that deal with performance. A discussion pertaining to the assessment factors that deal with the CRA process begins on page 46.

### **I. COMMUNITY DEVELOPMENT**

#### **Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

Marine strongly supports community development programs and initiatives. Since last examination, the bank has more than doubled the level of its support for community development including affordable housing, social services and economic development. For the period May 1995 through August 1996, Marine's community development activity totaled \$107.1 million, of which \$45.4 million represented new commitments. Approximately \$20 million of the total community development is attributed to Marine's purchase of the East River Savings Bank's assets during the second quarter of 1996. Four of the thirteen MSAs, 5600 (New York, NY), 1280 (Buffalo-Niagara Falls, NY), 6840 (Rochester, NY) and 0160 (Albany-Schenectady-Troy, NY), within the delineation, accounts for 69% of all activity.

MSAs 8680 (Utica-Rome, NY), 8160 (Syracuse, NY), 0960 (Binghamton, NY) and the non-MSA areas represents 12% of the activity. Community development with statewide organizations totals \$19.5 million and represents 18% of total activity.

There is a low level of community development in MSA 5380 (Nassau-Suffolk, NY) and only a nominal level of activity in MSA 2281 (Dutchess, NY), 3610 (Jamestown, NY) and 2975 (Glens Falls, NY). There is no community development in MSA 5660 (Newburg, NY-PA) and 2335 (Elmira).

Exhibit 1 through 1.9, which follow, show Marine's direct and indirect loan commitments for each MSA and the non-MSA areas within the bank's delineation. Following the exhibits is a discussion regarding the bank's community development performance in each MSA and the non-MSA areas that constitute the banks delineation.

## **II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

### **Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

The geographic distribution of Marine's lending activity was determined through an analysis of the bank's HMDA data from January 1, 1995 through August 31, 1996, and small business loans originated from May 1, 1995 through August 31, 1996. Overall, Marine's efforts to meet the credit needs of its delineation, including those residing in low- and moderate-income census tract is satisfactory. The bank's performance with regard to small business and home improvement lending is strong; however, there are weaknesses in the level of mortgage application and loan activity in low- and moderate-income census tracts in many communities within the MSAs and portions of the non-MSA area within the bank's delineation.

The analysis included all mortgage and refinance applications and loan approvals approved by Marine. In addition, mortgage and refinance applications and loan approvals by Marine Midland Mortgage Corporation, ( Mortgage Company ) were considered if the application was made in Marine's delineated community.

The following three exhibits reflect the bank's home purchase, refinancing and home improvement applications and loan approvals for each county within each MSA and the non-MSA area that comprise the bank's delineation: The activity is adjusted for demand by comparing the number of loans in each geographic area with the number of owner-occupied housing units in that area. Exhibit 2 also reflects small business lending activity. For estimated demand for small business lending in both the MSAs and the non-MSA area, the review considered all of the retail and service small business establishments within delineated counties, since the number of business establishments in partially delineated counties was not available.

**Exhibit 2**  
**Marine Midland Bank**  
**January 1, 1995 through August 31, 1996 - Mortgage/Refinancing Activity**  
**by County & MSA in Delineation**

County	Owner-Occupied Units In		Total Applications		# of Applications Per 1,000 Units		Total Approvals		# of Approvals Per 1,000 Units	
	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M
Albany	100,317	33,347	207	30	1.30	1.07	107	73	1.07	0.71
Bronx	00,000	10,167	07	10	1.00	0.00	06	0	1.06	0.00
New York	110,377	10,727	107	7	1.30	0.12	110	7	0.70	0.00
Queens	200,101	17,700	110	27	1.37	1.01	306	27	1.11	1.00
Westchester	101,337	3,300	010	16	1.36	0.33	033	1	0.33	1.00
Richmond	01,363	1,110	01	3	0.37	1.10	03	2	0.10	1.10
Rockland	00,300	1,200	00	1	0.00	1.20	10	1	1.00	1.20
Putnam	44,221	118	100	0	1.00	0.00	10	0	1.00	0.00
MSA 0000 1001	711,371	100,000	460	140	4.61	1.41	1,100	01	1.10	0.06
Suffolk	110,010	0,311	1,000	100	3.17	4.10	010	106	0.11	1.01
Nassau	327,100	1,377	070	30	4.11	2.00	106	27	2.30	1.01
MSA 0000 1001	000,000	01,300	1,300	11	0.61	0.10	1,000	101	0.70	1.01
Erie	200,220	70,001	7,000	76	2.00	1.00	3,000	37	1.00	0.00
Niagara	30,371	1,010	10	10	1.00	1.00	00	10	0.00	0.00
MSA 1200 1001	200,000	7,701	7,000	016	1.30	1.60	7,100	76	1.00	0.06
Monroe	100,210	2,001	1,201	16	0.62	0.22	1,001	100	1.11	1.00
Wayne	11,060	0,000	100	1	1.00	0.00	100	20	0.10	0.10
Orleans	1,000	0,000	00	47	1.16	0.00	00	10	0.10	0.00
Livingston	14,300	0,000	100	74	1.60	1.00	117	31	1.00	1.00
Ontario	20,370	2,101	127	0	0.37	2.00	100	0	1.00	0.00
Genesee	17,107	1,100	110	11	1.10	1.00	100	10	1.00	1.00
MSA 0000 1001	220,317	70,100	1,200	200	0.10	0.00	1,000	200	1.00	0.00
Albany	00,000	0,000	00	23	1.10	1.00	16	0	0.00	0.00
Schenectady	00,300	0,000	17	11	0.61	0.00	00	7	1.00	0.10
Rensselaer	02,300	0,000	116	11	1.00	0.10	37	0	0.00	1.10
Montgomery *	1,000	0,000	11	10	1.00	0.00	0	0	1.00	1.00
Saratoga	10,111	0,000	116	12	0.30	0.10	160	10	0.00	0.00
MSA 0100 1001	110,100	20,200	000	00	0.00	0.20	300	70	0.00	1.00
Onondaga	100,261	10,117	000	30	0.00	0.00	700	20	0.00	0.00
Oswego	20,310	0,000	101	27	0.10	0.00	100	21	0.00	0.00
Cayuga *	11,300	2,000	00	16	1.00	0.10	30	0	0.00	0.00
Madison	10,111	2,000	00	3	0.00	1.00	00	0	0.00	1.00
MSA 0100 1001	100,200	10,011	000	11	0.11	0.00	000	00	0.00	0.00
Oneida	00,100	0,000	110	00	0.20	1.00	100	10	0.10	0.00
Herkimer	10,000	2,100	11	10	0.01	1.10	20	0	0.02	0.00
MSA 0000 1001	00,000	0,000	11	70	0.16	0.00	106	20	0.00	0.00
Orange	01,370	0,010	200	17	1.60	0.16	100	10	0.10	1.00
MSA 0000 1001	01,370	0,010	200	17	1.60	0.16	100	10	0.10	1.00
Broome	10,011	1,000	11	10	0.30	1.00	01	10	0.10	1.00
Tioga	14,310	2,000	16	7	0.30	0.20	20	0	0.00	0.00
MSA 0000 1001	00,000	10,000	100	20	0.00	0.00	110	10	0.00	0.00
Dutchess	00,110	0,000	100	1	0.00	0.00	100	10	0.00	0.00
MSA 2201 1001	00,000	0,000	100	1	0.00	0.00	100	10	0.00	0.00



County	January 1, 1995 through August 31, 1996									
	Owner Occupied		Applications		# of Applications		Approvals		# of Approvals	
	1901 L&M	L&M	1901 L&M	L&M	1901 L&M	L&M	1901 L&M	L&M	1901 L&M	L&M
Kings	100,010	0,000	1,111	1,111	0,000	0,000	0,000	0,000	0,000	0,000
Bronx	000,000	10,100	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
New York	10,000	10,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Queens	000,000	10,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Westchester	10,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Richmond	01,000	1,111	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Rockland	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Putnam	00,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a
<b>MISA 5600 Total</b>	<b>711,000</b>	<b>100,000</b>	<b>1,000</b>	<b>1,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Suffolk	000,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Nassau	000,000	10,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 5380 Total</b>	<b>000,000</b>	<b>01,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Eric	000,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Niagara	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 1280 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Monroe	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Wayne	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Orleans	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Livingston	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Ontario	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Genesee	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 6840 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Albany	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Schenectady	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Kensselaer	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Montgomery *	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Saratoga	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 0160 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Onondaga	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Oswego	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Cayuga *	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Madison	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 8160 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Oneida	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Herkimer	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 8680 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Orange	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 5660 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Broome	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Hamilton	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 0960 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Dutchess	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 2281 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Chautauqua	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 3610 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Chemung	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
<b>MISA 4335 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Warren *	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Washington *	00,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a
<b>MISA 2975 Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
Ulster	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Columbia	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Delaware	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Jefferson	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
St. Lawrence	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Cortland	00,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a
Sullivan	00,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a
Greene *	00,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a
Cattaraugus *	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Franklin	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Essex *	00,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a
Hamilton *	00,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a
Lewis	00,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Schuyler *	00,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a
Washington *	00,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a	0,000	n/a
<b>NON-MISA Total</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
<b>TOTAL</b>	<b>000,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>

**Marine Midland Bank**  
**Small Business Loans**  
 05/01/95 through 08/31/96

County / MSA	Small Business		Loans/1,000 Small Business		Loans Within the Delineation		Loans Within the LMI Geographies		% LMI Geographies Within the Delineation
	Loans	Establishments	Loans	Establishments	#	%	#	%	
Kings	282	12,103	23.18	282	100.00	139	49.29	45.09	
Bronx	101	7,001	61.36	101	100.00	01	0.01	00.00	
New York	1,000	00,100	70.11	1,000	100.00	070	00.06	00.00	
Queens	670	12,007	20.00	670	100.00	71	10.00	10.00	
Westchester	007	11,017	70.66	007	100.00	01	10.01	10.00	
Richmond	67	6,000	0.00	67	100.00	0	0.00	0.00	
Rockland	60	0,171	00.17	60	100.00	1	0.01	1.17	
Putnam	60	000	06.70	60	100.00	0	0.00	0.00	
MSA 5600	0,076	11,060	00.10	0,076	100.00	001	61.50	00.00	
Suffolk	000	17,010	00.17	000	100.00	100	10.67	61.10	
Nassau	000	11,000	00.00	000	100.00	00	0.00	0.00	
MSA 5380	1,060	06,000	70.00	1,060	100.00	610	17.16	10.01	
Erie	677	0,000	00.00	677	100.00	076	60.01	00.00	
Niagara	106	1,000	711.70	106	100.00	100	67.10	60.00	
MSA 1280	0,100	11,610	00.00	0,100	100.00	1,000	61.10	00.00	
Montroe	6,600	0,600	070.06	6,600	100.00	006	66.06	00.00	
Orleans	606	000	017.11	606	100.00	01	10.00	00.00	
Livingston	110	600	776.31	110	100.00	06	07.10	00.00	
Ontario	10	000	100.00	10	100.00	16	10.00	61.00	
Genesee	110	711	600.06	110	100.00	00	60.00	60.00	
MSA 6840	6,100	0,017	010.01	6,100	100.00	000	66.00	00.11	
Albany	707	0,600	101.00	707	100.00	06	10.00	66.00	
Schenectady	11	1,610	00.60	11	100.00	17	10.16	00.00	
Rensselaer	607	1,011	601.70	607	100.00	100	77.01	10.01	
Montgomery*	61	700	01.16	61	100.00	11	00.71	00.60	
Saratoga	110	1,700	110.11	110	100.00	10	1.01	10.60	
MSA 0160	000	1,760	160.00	000	100.00	601	67.60	60.70	
Ontonaga	010	7,000	117.10	010	100.00	601	06.00	61.01	
Oswego*	161	771	101.00	161	100.00	61	66.01	11.67	
Cayuga*	100	0,11	111.00	06	10.10	70	06.77	60.00	
Madison	10	001	60.70	10	100.00	7	60.00	10.10	
MSA 8160	1,000	0,010	10.61	1,000	100.00	071	06.00	60.01	
Oneida	600	6,100	161.11	600	100.00	01	07.61	60.61	
Herkimer	00	701	100.00	00	100.00	10	60.00	60.06	
MSA 8680	010	6,010	110.60	010	100.00	100	00.60	60.11	
Orange	100	6,000	00.00	100	100.00	67	60.00	66.00	
MSA 5660	100	6,000	00.00	100	100.00	67	60.00	66.00	
Broome	600	1,000	101.00	600	100.00	01	00.17	60.06	
Tioga	01	607	111.76	01	100.00	10	11.01	00.00	
MSA 0960	061	6,171	106.01	061	100.00	101	06.16	00.00	
Dutchess	600	6,001	00.00	600	100.00	00	60.01	60.00	
MSA 2281	600	6,001	00.00	600	100.00	00	60.01	60.00	
Chautauqua	000	1,610	670.00	000	100.00	160	70.60	10.10	
MSA 3610	000	1,610	670.00	000	100.00	160	70.60	10.10	
Chemung	110	000	107.06	110	100.00	71	00.00	60.00	
MSA 2335	110	000	107.06	110	100.00	71	00.00	60.00	
Warren*	10	061	10.00	1	10.00	0	0.00	1.17	
Washington*	11	010	70.00	11	100.00	0	0.00	0.00	
MSA 2975	61	1,601	60.01	67	00.00	0	0.00	0.70	
Lister*	00	1,000	10.60	10	01.00	0	01.00	61.00	
Clinton	101	101	100.01	101	100.00	10	07.00	60.00	
Tompkins	17	000	00.60	17	100.00	0	0.11	61.17	
Jefferson	610	100	007.60	610	100.00	10	07.00	0.00	
St. Lawrence	666	000	660.00	666	100.00	0	0.00	11.66	
Cortland	00	710	660.06	00	100.00	0	0.76	0.00	
Sullivan	00	107	10.06	00	100.00	6	0.76	7.00	
Greene*	06	710	01.01	01	00.00	0	0.00	0.00	
Cattaraugus*	01	001	00.11	00	00.00	0	0.00	10.01	
Franklin	100	701	700.11	100	100.00	0	0.00	1.17	
Essex*	17	706	00.00	10	06.00	0	0.00	0.00	
Hamilton*	7	166	06.10	6	00.00	0	0.00	0.00	
Lewis	00	607	606.17	00	100.00	0	0.00	0.00	
Schuyler*	70	100	001.00	71	01.06	0	0.00	0.00	
Wyoming*	00	610	670.60	70	00.01	0	0.00	0.00	
Some MSA Areas	1,001	0,006	107.60	1,000	00.60	00	7.00	16.10	
<b>SUBTOTAL</b>	10,061	100,000	00.60						
Other NY Counties	11								
Out of State	1,610								
<b>TOTAL</b>	11,066			10,071	01.70	0,070	67.60	60.00	

## **HMDA Lending Summary**

As reflected in Exhibits 2 through 2.2 which precede this page, on a demand adjusted basis, the overall rate for mortgage applications and loan approvals is at a moderately stronger level in non-low- and moderate-income census tracts than in low- and moderate-income census tracts. Mortgage application activity is 1.2 times stronger in non-low- and moderate-income census tracts than in low- and moderate-income census tracts, while loan approval activity is 1.4 times stronger in non-low- and moderate-income census tracts. Weaknesses in demand adjusted application and loan approval activity is consistently noted in the majority of MSAs and the non-MSA area throughout the bank's delineation.

Demand-adjusted performance is weakest in MSA 5600 (New York) where both applications and loan approvals are approximately twice as strong in nonlow- and moderate-income census tracts. Weaknesses in lending at a more moderate level in low- and moderate-income census tracts is evident in nine of the remaining twelve MSAs and the non-MSA area. Demand-adjusted performance is stronger in low- and moderate-income census tracts in 8680 (Utica Rome) and 3610 (Jamestown.)

The overall demand-adjusted rate for home improvement applications and loan approvals is stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts. The analysis shows that demand adjusted activity in low- and moderate-income census tracts is at a strong to satisfactory level versus non-low- and moderate-income census tracts in ten of the thirteen MSAs and the non-MSA area. However, there are areas where home improvement activity in low- and moderate-income census tracts show some weakness. MSAs 0160 (Albany-Schenectady, Troy), and MSA 2975 (Glens Falls) shows weaknesses in both application and approval activity, while MSA 2281 (Duchess) shows a low level of approvals in low- and moderate-income census tracts. The weaknesses in MSA 0160 which contains five counties, however, is entirely attributable to much stronger demand adjusted activity in the non-low- and moderate-income census tract in Saratoga County. There are also certain counties in other MSAs and the non-MSA area that show weaknesses in home improvement activity. In 6840 (Rochester), application and loan activity in low- and moderate-income census tracts is weak in Wayne and Orleans counties, and in Syracuse (8160), activity is weak in Madison County. At the non-MSA level, loan application and approval activity is weak in Clinton, Tompkins, Cattaraugus and Lewis counties.

For details on the bank's performance with respect to mortgage and home improvement activity in each county within an MSA or the non-MSA area, see the Metropolitan Area and non-Metropolitan Statewide Area Analysis beginning on page 22.

### **Small Business Lending Summary**

The geographic distribution of Marine's small business lending was determined through an analysis of 15,847 small business loans originated within the bank's delineation during the 16-month period ending August 31, 1996. Overall, 91.5 percent of the small business loans were made within Marine's delineation.

The bank's overall level of lending per 1000 business establishments is strong, and ranges from reasonable to strong levels of loan origination throughout the various MSAs and non-MSA communities within the delineation. Loan originations in low- and moderate-income census tracts represents twenty-four percent of the geocoded sample and are proportional to the number of low- and moderate-income geographies within the delineation. However, there are a number of counties within MSAs where the penetration level in low- and moderate-income census tracts shows weaknesses. The following counties within MSAs shows weaknesses in lending in low- and moderate-income census tracts. Richmond and Rockland (MSA 5600), Wayne and Ontario (MSA 6840), Saratoga (MSA 0160), and Warren (MSA 2975). In the non-MSA area, St. Lawrence, Tompkins and Clinton shows low levels of lending in low-and moderate-income BNAs.

**Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.**

The bank's products and services are reasonably accessible to all portions of the Marine's delineation. Marine's primary system for delivering retail banking and community development services is through its branch network. As of October 31, 1996, Marine had a total of 324 full service retail branches, 57 free standing, 24-hour ATMs, and 17 retail loan production offices (RLPO) located throughout New York State. Marine customers can also obtain cash, balance inquiries, and make transfers between accounts at ATM machines participating in the following networks: NYCE, Cirrus, Honor, Pulse, and Global Access. Seventy-three or 22.5 percent of the total branches, and 8 or 47 percent of the RLPO are located in low- and moderate-income areas. Marine's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or its ability to service the credit needs of low- and moderate-income individuals. Exhibit 3 shows the number of branch openings, closings, and acquisitions since the last examination. Exhibit 4 below details the number of branches by county and MSA.

**Exhibit 3**

Beginning Number of Branches	319
Branches Opened	6
Branches Acquired	10
Branches Closed	(11)
<b>Net Change</b>	<b>5</b>
<b>Ending Number of Branches</b>	<b>324</b>

**Exhibit 4  
Number of Branches By County**

<b>County/MSA</b>	<b>Number Of Branches</b>	<b>Number In L&amp;M Tracts</b>
<b>Erie</b>	48	14
<b>Niagara</b>	16	4
<b>MSA 1280 Total</b>	64	18
<b>Chautauqua</b>	8	3
<b>MSA 3610 Total</b>	8	3
<b>Genesee</b>	2	1
<b>Livingston</b>	4	1
<b>Monroe</b>	27	7
<b>Orleans</b>	3	2
<b>Wayne</b>	2	1
<b>MSA 6840 Total</b>	38	12
<b>Broome</b>	9	1
<b>Tioga</b>	2	1
<b>MSA 0960 Total</b>	11	2
<b>Chemung</b>	5	2
<b>MSA 2335 Total</b>	5	2
<b>Cayuga</b>	2	1
<b>Onondaga</b>	16	3
<b>Oswego</b>	3	2
<b>MSA 8160 Total</b>	21	6

<b>Herkimer</b>	2	1
<b>Oneida</b>	9	1
<b>MSA 8680 Total</b>	11	2
<b>Albany</b>	9	2
<b>Montgomery</b>	1	1
<b>Rennselaer</b>	5	3
<b>Saratoga</b>	3	1
<b>Schenetady</b>	1	0
<b>MSA 0160 Total</b>	19	7

<b>Washington</b>	2	0
<b>MSA 2975 Total</b>	2	0
<b>Dutchess</b>	7	1
<b>MSA 2281 Total</b>	7	1
<b>Orange</b>	4	0
<b>MSA 5660 Total</b>	4	0
<b>Bronx</b>	2	0
<b>Kings</b>	1	0
<b>New York</b>	27	9
<b>Putnam</b>	2	0
<b>Queens</b>	7	2
<b>Richmond</b>	1	0
<b>Rockland</b>	11	0
<b>Westchester</b>	22	2
<b>MSA 5600 Total</b>	73	13
<b>Nassau</b>	10	0
<b>Suffolk</b>	24	3
<b>MSA 5830 Total</b>	34	3

<b>Non MSA Total</b>	27	4
<b>Totals</b>	324	73

In the second quarter of 1996 Marine acquired 7 offices of the East River Savings Bank in New York City and 3 Chinatown branches of the Hang Seng Bank.

Marine's branch closing policy is adequate and conforms to the guidelines provided in the Joint Interagency Policy Statement Regarding Branch Closings. Prior to any relocation, consolidation or closing of a branch, Marine's branch closing policy requires the bank to assess and consider the impact of such action on the banking convenience and needs of the public including individuals, business and other institutions within the affected neighborhoods. The policy requires the bank to consider factors such as branch profitability, actions to make the existing branch viable, product usage and availability of alternate services. When a branch is closed, relocated, or consolidated, the bank transfers customer accounts to a nearby new or surviving branch and information concerning this transfer is included in an advance customer notice.

All of the bank's deposit products and direct loans are available at all branches. Marine provides Spanish and Chinese speaking representatives at some branches and retail loan production offices. Product brochures are also available in Spanish and Chinese at some branches and retail loan production offices. Branch hours are tailored to the convenience and needs of each community, including low- and moderate-income areas.

**III. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED**

**Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.**

Marine's marketing efforts inform all segments of its delineated community, including low- and moderate-income communities, of the availability of its credit products and banking services.

Although the bank utilizes a multi-media approach that relies primarily upon print, radio and television advertising, other advertising formats, including brochures, branch displays, and statement inserts, are employed. Between April 1995 and October 1996, the bank placed approximately 23 thousand advertisements in print and on radio and television. These advertisements were part of marketing campaigns that emphasized general corporate image and the availability of products for mortgage, home equity, small business, and deposits. The success of the various lending programs is indicative of a successful marketing effort.

**Assessment Factor I- The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.**



Through its mortgage subsidiary, Marine Midland Mortgage Corporation, the bank offers a wide assortment of residential mortgages. In addition, the bank offers real estate loan products that include construction, purchase, rehabilitation, refinancing, and permanent mortgages for one to four family and multi-family dwellings. In addition to real estate products, Marine offers consumer credit products that include VISA credit lines with fixed and variable rates, direct and indirect installment loans, home equity loans and lines of credit, secured and unsecured personal loans, and education loans. Marine's minimum loan amount for consumer loans is \$500.00.

The bank also offers loan products which are specifically designed to meet the credit needs of low- and moderate-income applicants.

## **SPECIAL CREDIT PROGRAMS**

### **Residential Real Estate Lending**

Since the last examination period, Marine has made available the following new products: Marine 97 with 2-1 option, Mateo Express Card, and the SONYMA Construction Incentive. In addition, the bank has created or is participating in several new loans products which are only offered in specific regions within the bank's delineation. These products which include the New York Neighbors 2-4 program and the HUD Section 184 Indian Housing Program, will be discussed in the Metropolitan Statistical Area Analysis which begins on page 22.

Marine 97 with 2/1 option is targeted to low- and moderate-income borrowers who may not qualify for mortgages under traditional underwriting guidelines. The product allows for 33/38 qualifying ratios, a 97 percent loan to value ratio on a one family dwelling, and 95 percent loan to value ratio on a two family dwelling. This product is available for individuals earning less than 100 percent of the HUD estimated median income. Two percent of the down payment must come from the borrower's own funds while one percent may come from grants or gifts. Borrowers must have a twelve month history of timely payments but can use unconventional sources of credit information which might include utility bills, rental payment history, and medical payment.

The affordable gold housing product has been available since 1994. It allows for lower down payments, flexible underwriting, or higher qualifying ratios when a borrower uses five percent or more of his own funds for the down payment. Borrowers must have an income of less than 100 percent of the HUD estimated median income. The maximum loan to value ratio is 95 percent, three percent of the down payment must come from the borrowers own funds while two percent can come from a gift, a grant, or an unsecured loan. The borrower must participate in a home owners education seminar. From April 1995 through September 1996, the bank approved 146 loans, totalling \$10.9 million.

### **Consumer Lending**

Marine introduced the Mateo Express secured credit card through an Affinity Card Program in July, 1996. This program is targeted to individuals who do not qualify for Marine's standard credit card product. The credit lines are secured by the credit card holder's savings account. Credit lines can be extended from a minimum amount of \$300 up to \$10 thousand. After a period of timely payments, the Mateo Express Cards can be converted into Marine's regular non-secured credit card.

### **Small Business and Small Farm Lending**

The bank also offers small business lending products that include mortgage financing, lines of credit, letters of credit, construction loans, and term loans for equipment and vehicle financing. Marine targets companies with annual sales volumes of up to \$3 million and defines a small business loan as a commercial loan of \$500 thousand or less. The small farm product line includes mortgage loans, operating loans and lines, and loans for equipment purchase.

### **Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.**

Marine participates in numerous governmentally-insured, guaranteed, or subsidized housing, small business, and education loan programs throughout its delineation. Exhibit 5 provides a breakdown of government-guaranteed loan programs through September 1996. Housing loans are originated in conjunction with the Federal National Mortgage Association ( FNMA ), the State of New York Mortgage Agency ( SONYMA ), the Federal Housing Authority ( FHA ), and the Veterans Administration ( VA ). The bank makes agricultural loans guaranteed by the Farmers Home Administration and the Farm Service Agency. Marine is also a Small Business Administration preferred lender, an issuer of government guaranteed student loans, and a participant in the New York State Excelsior Linked Program.

<b>Exhibit 5 Government Guaranteed Loan Programs</b>				
<b>Name</b>	<b>Approvals 4/1/95 - 12/31/95</b>		<b>Approvals 1/1/96-9/30/96</b>	
	<b>#</b>	<b>\$Thousands</b>	<b>#</b>	<b>\$Thousands</b>
<b>Marine 97 With 2/1 Option</b>	64	880	15	1200
<b>Fannie 97</b>	30	6700	41	2800
<b>SONYMA Construction Inc.</b>	16	16	1400	25
<b>SONYMA Low Down Payment</b>	1	121	12	2300
<b>SONYMA Low Interest</b>	223	14900	173	13600
<b>SONYMA Modest Means</b>	23	1840	18	894
<b>FHA No Closing Cost</b>	1	33	-	-
<b>FHA Buydown</b>	5	423	4	223
<b>SBA</b>	193	27200	274	45000
<b>Student loans</b>	23040	86800	22470	81000
<b>Farmers Guaranteed Loan</b>	-	-	54	7500
<b>New York Excelsior Linked</b>	-	-	4	2700
<b>Total</b>	23596	138913	24465	157242

**SBA**

Marine offers a variety of SBA products including SBA 7(a), the agency's primary business loan program; the SBA Low Doc, a program targeted towards entrepreneurs starting a new business or towards businesses that have annual sales below \$5 million; SBA CAP lines, a program designed to provide short term revolving financing to small businesses; SBA 504 Loan Program, a program that provides long term financing for real estate, machinery, and equipment; SBA Delta Program which assists small businesses that are adversely affected by defense spending reductions or are dependent on defense contracts as prime or sub-contractors; SBA Export Working Capital Program; and the SBA Women's Prequalification, a program targeted towards businesses where the majority of ownership is held by women or ethnic minorities.

Marine participates in several geographically targeted small business development programs. These programs are detailed in the MSA and Non- Metropolitan Statewide Area Analysis beginning on page 21.

### **NEW YORK STATE EXCELSIOR LINKED DEPOSIT PROGRAM**

New York State's Excelsior-Linked Deposit Program is an economic development initiative in which Marine provides affordable capital to eligible manufacturing firms and service businesses. Eligible businesses include companies located in economic development zones and highly distressed areas, certified minority or women owned businesses, and defense industry manufacturers. Manufacturing firms must have 500 or fewer full-time New York State (NYS) based employees and service businesses must have 100 or fewer full-time NYS based employees. Eligible businesses can obtain loans from Marine at an interest rate that is 2 to 3 percent lower than the prevailing rate on such loans. Marine is responsible for the credit decision and the negotiation of loan terms with the borrower. Marine is compensated by deposits of state funds at comparably reduced rates. NYS monies (linked deposits) will be deposited into Certificates of Deposits at Marine. State funds totaling \$100 million are available for linked deposits. The maximum loan amount is 1.5 million.

### **FNMA and SONYMA**

Marine also participates in a variety of affordable housing programs that are guaranteed or sponsored by FNMA or SONYMA. These include the FNMA Community Home buyers Program; FANNIE 97, a program with standard FNMA guidelines but one that allows up to a 97 percent loan-to-value; SONYMA Low-Interest Rate Loan, a program for first time home buyers with a low interest rate for the first four years; SONYMA Construction Incentive, a regular low-interest loan program originated by the builder; SONYMA Modest Means Mortgage Loan Program, a first time home buyers program for borrowers who do not qualify for the low-interest rate program;. SONYMA Mortgage Assistance Program (MAP), a program that provides fixed rate loans at three percentage points below market rates; SONYMA Low Down Payment-Conventional Rate Program, a program for borrowers who would normally qualify for conventional financing but need assistance with the down payment.

### **FHA**

Marine also offers two FHA special loan programs. They are the 2-1 Buydown program that offers an interest rate on the loan that is 2 percent below the note rate in year one and one percent

below the note rate in year two; and FHA no closing cost mortgages where a premium interest rate is charged to allow the lender to pay the fees for the appraisal, credit report, bank attorney, title insurance, judgement search, and New York State mortgage taxes.

Marine offers several other affordable housing programs which are specific to particular towns or regions. These products are discussed in the MSA Area Analysis which begins on page 22.

### **FARMERS GUARANTEED LOAN PROGRAM**

The Farm Service Agency (FSA) sponsors the Farmers Guaranteed Loan Program which provides Marine with a 90 percent guaranty for certain types of extended credit. The FSA will guaranty up to \$300 thousand on a Farm Ownership Loan where the loan is secured by a mortgage on the farm property. FSA will also guaranty up to \$400 thousand on operating lines of credit to farmers.

### **FEDERALLY-INSURED STUDENT LOANS**

The bank participates in federally-insured Stafford and Plus student loan programs.

## **IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES**

### **Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).**

There is no evidence of any practices intended to discourage credit applications for products that the bank offers. The bank affirmatively solicits credit applications from all segments of its communities, including low-and moderate-income areas. Senior management has in place comprehensive written policies, procedures and training programs to ensure that the bank does not discourage or pre-screen applicants.

### **Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.**

No credit practices were identified that violated the substantive provisions of the antidiscrimination laws and regulations, including: the Equal Credit Opportunity Act (Regulation B); the Fair Housing Act; the Home Mortgage Disclosure Act (Regulation C); and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

## V. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

**Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.**

Ascertainment of community credit needs is coordinated in the bank's Community Reinvestment Business Management Group by the CRA Relations Manager. The CRA Relations Manager's primary responsibilities are to ensure that the bank has an understanding of its assessment area credit needs and identify ways to effectively meet them. Ascertainment efforts in Marine's delineated community are carried out mainly through the following: Community Assessment Surveys; Focus Groups and Advisory Councils; Officer Calling Programs and District CRA Self Assessments. These ascertainment efforts have identified the need for more flexible underwriting criteria targeted to low- and moderate-income borrowers and small businesses. In addition, ascertainment efforts disclosed the need for additional home buyer education and improved marketing of Marine's flexible mortgage loan products to low- and moderate-income borrowers.

**Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.**

The bank's board of directors is involved in the bank's CRA policy and development. An effective organizational structure has been developed for creating and implementing CRA initiatives. The board established the Community Reinvestment Business Management Group ( CRBM ) to manage the bank's CRA activities and integrate CRA into the bank's everyday business. The CRBM group is managed by the CRA Relations Manager with the assistance of the Community Relations Manager, the Commercial Products Manager, the Consumer Products Manager and three other staff members.

**METROPOLITAN STATISTICAL AREA ANALYSIS  
CONCLUSIONS WITH RESPECT TO THE ASSESSMENT FACTORS THAT DEAL  
WITH PERFORMANCE:**

Additional details regarding the bank's performance under this assessment factor at the MSA level follows:

**MSA 5600 (NEW YORK, NY)**

Overall, Marine's level of performance in this MSA is satisfactory. Community development activity is at a strong level and small business lending is at a very satisfactory level. Although the volume of home improvement loan activity is low, lending in low- and moderate-income census tracts is strong. Mortgage loan activity, however, in low- and moderate-income census tracts is weak.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

Marine strongly promotes community development in this portion of its delineation. The bank's community development lending activity is concentrated in this MSA with \$42.8 million in direct and indirect community development activities. The bank significantly increased its community development lending efforts in this MSA by the acquisition of East River Savings Bank. As a result of this merger, Marine increased its affordable housing loans by \$20.3 million. The bank has contributed to financing nearly 3 thousand units of affordable housing within MSA 5600. In addition to outstanding loans, the bank has committed to two standby letters of credit totaling \$14.8 million.



## II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

### MORTGAGE ACTIVITY

Marine's performance in originating purchase mortgage loans and refinances is weak in this MSA. Overall, demand-adjusted application and loan approved activity is approximately twice as strong in non-low- and moderate-income census tracts as in low- and moderate-income census tracts and loan application activity is at a low level in low- and moderate-income census tracts in the Bronx, Kings and New York counties.

In Bronx County, the demand-adjusted penetration level for loans approved is well over two times stronger for mortgage approvals in non-low- and moderate-income census tracts than in low- and moderate-income census tracts. A review of the geographic distribution reveals that the Bronxdale, Bronx River, Morrisania, University Heights, Belmont, and East Tremont sections of the county has little or no loan approved activity. Similar weaknesses were identified at the last examination.

In Kings County, the demand-adjusted mortgage approvals are only moderately stronger in non-low- and moderate-income census tracts than in low- and moderate-income census tracts. A review of the geographic distribution reveals a low level of loan approval activity in East New York, Highland Park, Bedford-Stuyvesant, Prospect Lefferts Gardens, and Sunset Park. Similar weaknesses were identified at the last examination.

In New York County, the demand-adjusted penetration level is almost three times stronger for mortgage approvals in non-low- and moderate-income census tracts than in low- and moderate-income census tracts. A review of the geographic distribution reveals little or no loan approval activity in Washington Heights, Harlem, Clinton, and the Lower East Side. Similar weaknesses were identified at the last examination.

In Queens County, the demand-adjusted penetration level is moderately stronger for mortgage approvals in low- and moderate-income census tracts than in non-low- and moderate-income census tracts. Marine's demand-adjusted volume of mortgage approvals to low- and moderate-income census tracts in Queens County shows significant improvement, nearly tripling the level achieved at last examination. However, a review of the geographic distribution reveals a low level of loan approval activity in the low- and moderate-income areas of Jamaica, Long Island City, Elmhurst, and Jackson Heights. Similar weaknesses were identified in the last examination.

### HOME IMPROVEMENT ACTIVITY

Marine's performance with regard to home improvement lending in this MSA is satisfactory. Although the volume of home improvement application and approval activity is low in this MSA, on

a demand-adjusted basis, home improvement loans are slightly stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts. A low volume of activity is particularly evident in Bronx and New York counties.

### **SMALL BUSINESS LENDING ACTIVITY**

Marine achieved a reasonable loan penetration per 1000 small business within this MSA. The bank experienced a significant increase in the number of small business loans originated since the last examination, with the growth mainly attributable to the opening of a loan production office in the Bronx and the acquisition of East River Savings Bank in June 1996.

Overall, the percentage of the bank's small business loans originated within low- and moderate-income geographies closely approximated the number of low- and moderate-income census tracts in the MSA. However, a moderate level of weakness in low- and moderate-income census tracts in New York County is noted and the bank made no loans in such tracts in Richmond county and only one loan in Rockland County.

Marine made no small business loans in low- and moderate-income census tracts in Richmond County.

### **III. TYPES OF CREDIT OFFERED AND EXTENDED**

**Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.**

#### **BROOKLYN UNION AND GAS RESIDENTIAL FINANCING PROGRAM**

This program is available to customers in the Brooklyn Union Gas service area and provides financing at low interest rates for the conversion of alternative fuel systems to natural gas and for upgrading existing natural gas equipment. There is no down payment required, no credit application fee, and no prepayment penalty. Loans are unsecured and are at fixed rates. The minimum loan amount is \$1 thousand and can be financed for up to 60 months. All closings must take place at a Marine Midland Branch. Since the last exam, Marine has extended 65 loans totaling of \$246 thousand.

#### **NEW YORK CITY SMALL BUSINESS RESERVE FUND SBRF**

This loan loss reserve program was developed by the New York Economic Development Corp. in order to improve access to financing for the City's small businesses. The reserve fund provides banks with a safety net enabling them to recover losses of up to 12.5 percent of the first \$2 million of loans enrolled in the fund and up to 10 percent for subsequent loans. The program is intended to encourage banks to lend to small businesses that do not meet the criteria for conventional bank loans. Marine has committed a \$100 thousand line of credit for this loan pool.

#### **ROCKLAND ECONOMIC DEVELOPMENT CORP**

This loan program provides financing for small businesses in Rockland County that may not have access to funding through conventional funding sources. Marine has committed up to \$200 thousand annually in loans approved by the program, as well as providing \$3.5 thousand in grants annually to offset operating expenses. Loan sizes will range from \$10 thousand to \$100 thousand. Marine financed the program's first three loans totaling \$120 thousand.

#### **WESTCHESTER REGIONAL SMALL BUSINESS LOAN PROGRAM**

This loan program promotes small business revitalization and economic development in Westchester, Rockland, Putnam, and Orange counties. Loans range from \$5 thousand to \$50 thousand and can be used for machinery and equipment, renovation and leasehold improvements, working capital, and real estate acquisition. The program is in collaboration with the Westchester County Chamber of Commerce, the SBA, and seven participating banks. The program's only loan was funded in April, 1996. Marine has committed \$200 thousand a year to the program.

#### **NEW YORK NEIGHBORS 2-4**

This FNMA Community Homebuyers program was introduced in April, 1996. This program is available only in the five boroughs of New York City and is exclusively for two to four family owner occupied properties. There is a minimum requirement of five percent down payment on a two unit home and a ten percent down payment on a three to four unit home. The program offers the benefit of using 75 percent of the lesser of the actual or projected rents to reduce the borrowers principal, interest, taxes and insurance. Through September 1996 the bank made 2 loans totaling \$368 thousand through this program.

## **MSA 5380 (NASSAU-SUFFOLK, NY)**

Overall, Marine's level of performance in this MSA is adequate. Home improvement and small business lending are strong; however, there are weaknesses in mortgage loan activity, especially in Suffolk County and community development activity is at a low level.

### **I. COMMUNITY DEVELOPMENT**

#### **Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

Community Development activity within this MSA is weak and totaled only \$530 thousand. Three loans mainly represent the bulk of the activity with two totaling \$462 in support of affordable housing and the other for \$50 thousand in support of social services. Total activity in MSA 5380 represents less than one percent of the bank's overall community development activity, while nine percent of low- and moderate-income families within the bank's delineation reside within MSA 5380. However, a statewide housing organization, to which the bank has committed more than \$7 million, includes Nassau and Suffolk counties in its affordable housing programs.

### **II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

#### **Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

#### **MORTGAGE ACTIVITY**

Overall, demand-adjusted penetration shows a moderate level of weakness for mortgage application and loan approval activities in this MSA. While demand adjusted results are at an adequate level in Nassau County, loan application and loan approval activities in Suffolk County is significantly weaker in low- and moderate-income census tracts than in non-low- and moderate-income census tracts. In Suffolk County, the demand-adjusted loan approvals level for mortgage loan approvals is approximately twice as strong in non-low- and moderate-income census tracts as in low- and moderate-income census tracts.

#### **HOME IMPROVEMENT ACTIVITY**

The demand adjusted penetration level of home improvement applications and loan approval is stronger in low- and moderate-income census tracts than in non-low- and moderate- census tracts. However, the overall volume of activity in Nassau County is low.

#### **SMALL BUSINESS LENDING ACTIVITY**

Marine's overall small business loan penetration per 1000 establishments in this MSA is reasonable. Since last examination the bank recorded a significant increase in small business lending within this MSA.

The bank achieved a very satisfactory level of small business lending in low- and moderate-income census tracts. The percentage of small business loans originated in such tracts approximates the number of low- and moderate-income census tracts within the MSA.

**MSA 1280 (BUFFALO-NIAGARA FALLS, NY)**

Marine's overall record in this MSA is strong. Community development activities in this MSA is strong. The bank's performance with regard to home improvement is strong; however, mortgage lending in low- and moderate-income census tracts shows a moderate level of weakness. Small business lending is strong in low- and moderate-income census tracts.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

Community development lending activity in this MSA is considered strong with \$13.4 million in direct and indirect community development activities. Approximately thirteen percent of the bank's activity is concentrated in this MSA.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

Overall, loan penetration is strong in this MSA. Marine's highest concentration of residential lending is found in MSA 1280. For the period January 1995 through August 1996, approvals in the MSA represented 35 percent of Marine's total mortgage lending throughout its entire delineation. However, on a demand-adjusted-basis penetration for mortgage application and loan approval activity shows a moderate level of weakness in low- and moderate-income census tracts. Loan approvals are close to twice as strong in non-low and moderate-income census tracts than in low- and moderate-income census tracts.

**HOME IMPROVEMENT ACTIVITY**

Overall, demand adjusted penetration is strong for this loan product, with both application and loan activity being stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts. Loan and application activity is particularly strong in low- and moderate-income census tracts in Erie County.

**SMALL BUSINESS LENDING ACTIVITY**

The bank's record of small business lending within MSA 1280 is excellent. Loan penetration per 1000 small business establishments in this MSA is very strong. The bank's loan penetration within low- and moderate-income census tracts is proportional to the percentage of low- and moderate-income census tracts within the MSA.

### III. TYPES OF CREDIT OFFERED AND EXTENDED

**Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.**

In addition to the products and special-credit programs discussed on pages 15-19 which are offered throughout the bank's delineation, the following programs were designed specifically to meet the credit needs of MSA 1280.

#### **CLARKSON CENTER WEATHERIZATION PROGRAM**

This program is targeted to low income families in Buffalo who have little or no credit history and need home improvement and weatherization financing. The annual income of the borrowers must be below \$39,000. This program provides loans between \$500 and \$5,000 and repayment terms range from one to 60 months. Applications can be made at the non profit agency, the Clarkson Center, or at five of the Marine Buffalo branches participating in this program. Marine has also supplied marketing materials for the program and below market rates for the extended loans. Marine has committed \$200 thousand for the program; however, only one loan in the amount of \$3.8 thousand has been extended thus far.

#### **LACKAWANNA COMMUNITY HOME IMPROVEMENT PROGRAM**

This program offers prime rate financing for home owners eligible for New York State Affordable Housing Grants. The loans are intended to finance the difference between the improvement costs and the affordable housing, home improvement grant provided by New York State. The minimum loan allowable under the program is \$500. Credit standards are eased allowing for non-traditional credit references. Loans over \$5 thousand must be secured by the property. Since April 1995, Marine has extended five loans through this program totaling \$20 thousand. Marine has also provided marketing materials and a dedicated branch location.

#### **BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORP.**

Developed by the Erie County Industrial Development Agency, this loan program targets women and minority owned businesses including start-ups that fail to meet conventional lending standards.

The Regional Development Corp.( RDC ) administers this program along with Marine and other participating banks in the region. For each extended loan, the participating banks are responsible for 65 percent of the loan while RDC is responsible for 35 percent of the loan. Marine has originated two loans through this program totaling \$141 thousand.

**MSA 6840 (ROCHESTER, NY)**

Overall, Marine's level of performance in this MSA is satisfactory. The level of community development activities in the six counties in the MSA is strong. Home improvement activity is strong overall although some weakness in loan and application activity in low- and moderate-income census tracts in Wayne and Orleans was evident. Home mortgage activity is satisfactory overall but four of the six counties showed varying levels of weakness in loan activity in low- and moderate-income census tracts. Small business penetration is strong overall but three of the six counties showed some weakness in originating loans in low- and moderate-income census tracts.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

The bank's level of community development activity is strong in this MSA. Community development activity is \$9.7 million and consist of direct activity of \$8.7 million and \$1.1 million in indirect activity.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

The bank's performance with regard to loan purchase and refinance activities in this MSA is satisfactory. Overall, demand-adjusted loan application and approval activity is only moderately stronger in non-low and moderate income census tracts than in low- and moderate-income census tracts. However, demand adjusted results varies when analyzed by county. Demand adjusted application and loan activity is stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts in Livingston and Genesee counties. However, in Orleans, Wayne and Ontario counties, application and loan approval activity is significantly weaker in low- and moderate-income census tracts. In Monroe, which contains the highest level of low-and moderate-income census tracts in this MSA, both loan application and loan approval activity is moderately weaker in low- and moderate-income census tracts than in non-low- and moderate-income census tracts.



## **HOME IMPROVEMENT ACTIVITY**

Overall, on a demand adjusted basis, loan applications and approvals are stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts. In four of the six counties, results in low- and moderate census tracts are excellent. However, in Wayne and Orleans counties, both application and loan activity is weaker in low- and moderate-income census tracts.

## **SMALL BUSINESS LENDING ACTIVITY**

The bank's penetration level per 1000 small business establishments is strong in this MSA. However, the level of lending in low- and moderate-income census tracts shows some weakness. Overall, twenty three percent of the loans are in low- and moderate-income census tracts while thirty-four percent of the census tracts are low- and moderate-income. On an individual county basis, Orleans and Genesee Counties have a strong record of lending within low- and moderate-income census tracts while Monroe and Wayne Counties show a moderate level of weakness in such tracts. Small business lending within the low- and moderate-income census tracts of Ontario County is very weak.

**MSA 0160 (ALBANY-SCHENECTADY-TROY, NY)**

Overall, Marine's level of performance in this MSA is satisfactory. Community development lending is strong. Home improvement lending is at a satisfactory level, but mortgage loan activity particularly for loan approvals is weak in low- and -moderate-income census tracts in three of the five counties in this MSA. Overall, small business lending is strong, however, certain weaknesses in loan originations in low- and moderate-income census tracts in two of the counties is evident.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

Marine strongly promotes community development in this MSA. Community development activity in this MSA totaled \$8.3 million and consists of \$6.6 million in direct loans and \$1.8 million in indirect loans.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

Marine's performance in approving home purchase and refinance loans shows a moderate level of weakness. Although applications for mortgage loans are only moderately stronger in non-low- and moderate-income census tracts than in low- and moderate-income census tracts in this MSA, approvals are at a much stronger level in non-low- and moderate-income census tracts.

In the counties of Albany, Rensselaer and Schenectady loan approval activity is much stronger in non-low- and moderate-income census tracts than in low- and moderate-income census tracts. Loan approval activity is stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts in Saratoga County and only moderately weaker in low- and moderate-income census tracts in Montgomery County.

**HOME IMPROVEMENT ACTIVITY**

Overall, home improvement lending is satisfactory in this MSA. On a demand-adjusted basis, loan application and loan approval activity is at a moderately stronger level in non-low- and moderate-income census tracts than in low- and moderate-income census tracts. However, with the exception of Saratoga County which shows a very low demand adjusted level of loan applications and approvals in low- and moderate-income census tracts, loan application and loan approval activities is at a strong to satisfactory level in low- and moderate-income census tracts

in the four other counties in this MSA.

### **SMALL BUSINESS LENDING ACTIVITY**

Overall, the bank's record of small business lending in this MSA is strong with loan penetration per thousand small business establishments at a strong level.

Small business lending penetration within low- and moderate-income census tracts is virtually equal to the portion of low- and moderate-income tracts within the MSA, with lending in low- and moderate-income census tracts at a strong level in Albany, Renssalaer and Montgomery counties. However, small business lending within the low- and moderate-income tracts of Schenectady and Saratoga counties shows weaknesses. Lending in the low- and moderate-income geographies in the City of Schenectady is particularly weak.

### **III. TYPES OF CREDIT OFFERED AND EXTENDED**

**Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.**

#### **NIAGARA MOHAWK BORROWER TO BENEFIT**

This program provides financing for customers interested in upgrading their existing gas equipment or interested in converting to natural gas energy. The program is available only in the Central and Albany Districts. Terms range from one to sixty months. Since the last exam, Marine has extended 203 loans totaling \$630 thousand.

## **MSA 8160 (SYRACUSE, NY)**

Overall, Marine's level of performance in this MSA is satisfactory. Community development lending is at an adequate level and small business lending is strong. Home improvement lending, with the exception of one county, is strong; however, mortgage loan activity in low- and moderate-income census tracts in two of the four counties in this MSA is weak.

### **I. COMMUNITY DEVELOPMENT**

#### **Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

The bank's community development activity in this MSA is \$665 thousand and consists of \$622 thousand in direct activity and \$43 thousand in indirect activity. All activity supports affordable housing.

### **II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

#### **Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

#### **MORTGAGE ACTIVITY**

Overall, demand adjusted loan and application activity in low- and moderate-income census tracts in this MSA is satisfactory. However, in Onondaga and Madison counties weaknesses in such activity in low- and moderate-income census tracts is evident. In Onondaga County, where the majority of the owner-occupied housing units in the MSA are located, the demand-adjusted level of mortgage loan application and approval activity is at a much stronger level in non-low- and moderate-income census tracts than in low- and moderate-income census tracts. In Oswego County, demand-adjusted mortgage approvals are stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts. Such activity in low- and moderate-income census tracts in Cayuga is at a satisfactory level. In Madison County, loan application and loan approval activity is much weaker in low- and moderate-income census tracts than in non-low- and moderate-income census tracts.

#### **HOME IMPROVEMENT ACTIVITY**

Overall, home improvement lending is strong in this MSA. Loan application activity is slightly stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts. Loan approval activity is only moderately stronger in non-low and moderate-income census tracts. Lending in low- and moderate-income census tracts in Oswego is strong. In Madison County, however, both application and loan approval activity was very weak in low- and moderate-income census tracts.

### **SMALL BUSINESS LENDING ACTIVITY**

The overall penetration of small business lending per 1000 small business establishments within this MSA is strong. The proportion of loans originated in low- and moderate-income census tracts exceeds the percentage of low- and moderate-income census tracts in the four counties within the MSA.

### **III. TYPES OF CREDIT OFFERED AND EXTENDED**

**Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.**

#### **SYRACUSE AREA SMALL BUSINESS LOAN PROGRAM**

Marine is one of several banks providing funding for this program. The program extends small business loans of under \$50 thousand, and targets minority and women owned businesses. Marine's participation also includes an annual \$5 thousand grant to offset operating expenses. This program is sponsored by the Syracuse Chamber of Commerce and the Greater Syracuse Business Development Center. The Bank committed \$200 thousand a year to this program, and since May 1995, has originated one loan for \$22 thousand.

#### **FREDDIE MAC PROGRAMS**

In June 1996, Marine became a participant in Freddie Mac's *NeighborWorks National Campaign for Homeownership* in New York City and Syracuse. The home mortgage and rehabilitation loans are targeted to eligible low- and moderate income borrowers. These loans offer low down payments and lender contributions can be used for closing costs. Homeownership counseling is mandatory. The Neighborhood Housing Services of Syracuse coordinates the program. Freddie Mac will purchase mortgages originated by lenders for the purchase and rehabilitation of one- to four-unit homes. No loans have been closed through the Syracuse program.

**MSA 8680 (UTICA-ROME, NY)**

Marine's overall level of performance in this MSA is strong. Community development lending is satisfactory and small business loan activity is strong. Home mortgage and home improvement loan activity is strong.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

The bank's record of community development lending in this MSA amounts to \$2.1 million and mainly consists of three community service loans approximating \$2 million.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

Marine's performance with regard to mortgage loans in this MSA is strong. On a demand-adjusted basis, mortgage applications and approvals are stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts. In both Onieda and Herkimer counties loan application and loan approval activity are stronger in low- and moderate-income census tracts than in non-low-and moderate-income census tracts.

**HOME IMPROVEMENT ACTIVITY**

Home improvement lending is strong in this MSA. On a demand-adjusted basis, loan application and loan approval activity is stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts in both Oneida and Herkimer counties.

**SMALL BUSINESS LENDING ACTIVITY**

The overall penetration level of small business lending per 1000 small business establishments is strong in this MSA. In both Onieda and Herkimer counties, the percentage of loans originated in low- and moderate-income census tracts exceeded the percentage of low- and moderate-income census tracts.

### III. TYPES OF CREDIT OFFERED AND EXTENDED

**Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.**

#### **UTICA HOUSING PARTNERSHIP**

Working in conjunction with four other banks and the Utica Neighborhood Housing Services, Marine offers discounted mortgage interest rate products to low-income borrowers residing in Utica. The program is designed to assist low and moderate-income families with the purchase of single family homes. The average household income of borrowers is \$19.2 thousand. Marine has committed \$300 thousand in mortgage money to support the program and has contributed downtown office space for homebuyer education classes.

#### **ROME HOME**

This program enables low- and moderate-income borrowers to purchase single family homes in Rome. Marine is one of four lenders which extend loans with competitive mortgage rates and flexible underwriting terms to income eligible and qualified home buyers. In turn, the U.S. Department of Housing and Urban Development buys down the interest rates to reduce monthly housing costs to no more than 30 percent of the borrower's income.

**MSA 5660 (NEWBURGH, NY-PA)**

Overall, Marine's level of performance in this MSA needs improvement. There is no community development lending and mortgage application and loan approval activity is weak in low- and moderate-income census tracts. Home improvement activity is satisfactory and small business lending was strong.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

There is no community development lending activity in Orange County, although approximately twenty two percent of this county's census tracts are of low- and moderate-income.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

Marine's performance with regards to mortgage activity in this MSA is weak. On a demand-adjusted basis, mortgage loan application and loan approval activity in non-low- and moderate-income census tracts is stronger than such activity in low- and moderate-income census tracts. However, since the last examination, the demand-adjusted level of loan approvals has shown improvement in low- and moderate-income census tracts.

**HOME IMPROVEMENT ACTIVITY**

Home improvement lending in this MSA is satisfactory. On a demand-adjusted basis, loan application activity is somewhat stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts, while loan approvals are only slightly stronger in non-low- and moderate-income census tracts.

**SMALL BUSINESS LENDING ACTIVITY**

The overall level of lending penetration per 1000 small business establishment is satisfactory. Marine's small business lending penetration in low- and moderate-income census tracts exceeds the proportion of low- and moderate-income census tracts within the MSA.



**MSA 0960 (BINGHAMTON, NY)**

Overall, Marine's level of performance in this MSA is strong. Community development activity is satisfactory level and small business lending is strong. Mortgage application and loan activity is at a high in low- and moderate-income census tracts and home improvement activity is at a strong level.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

Community development activity totaled \$1.5 million and mainly consists of a loan to a corporation which promotes economic development in downtown Binghamton.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

Marine's performance with regard to mortgage and refinance activity is satisfactory in this MSA. On a demand-adjusted basis, both loan applications and loan approvals are slightly stronger in non-low and moderate-income census tracts than low- and moderate- income census tracts.

**HOME IMPROVEMENT ACTIVITY**

Home improvement lending in this MSA is strong. On a demand-adjusted basis, loan application and approval activity is stronger in low and moderate-income census tracts than in non-low- and moderate-income tracts. In Tioga County, activity in low- and moderate-income census tracts is much stronger than in non-low and moderate-income census tracts. In Broome County, loan and application activity is at a slightly lower level in low- and moderate-income census tracts.

**SMALL BUSINESS LENDING ACTIVITY**

The bank's overall small business lending penetration per 1000 small business establishments and its penetration in low- and moderate-income census tracts is strong within this MSA. The percentage of loan originations within low- and moderate-income census tracts, exceeded the percentage of low- and moderate-income census tracts within the MSA.

**MSA 2281 (DUTCHESS COUNTY, NY)**

Marine's overall level of performance in this MSA needs to be strengthened. There is no community development activity; however, small business lending is strong. Home mortgage activity was at a satisfactory level, but home improvement activity shows a moderate level of weakness in low- and moderate-income census tracts.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

The only community development activity in Dutchess County consists of \$2 thousand in community development grants. Approximately twenty-four percent of this county's census tracts are of low- and moderate-income.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

Marine's performance in originating home purchase and refinance loans in this MSA is satisfactory. Mortgage application and approval activity is only slightly stronger in non-low- and moderate-income census tracts than low- and moderate-income census tracts.

**HOME IMPROVEMENT ACTIVITY**

Home improvement activity shows some weakness in this MSA with loan application and approval volume showing a significant decrease since last examination. On a demand-adjusted basis, loan approvals are at a moderately stronger level in non-low- and moderate-income census tracts than in low- and moderate-income census tracts.

**SMALL BUSINESS LENDING ACTIVITY**

Marine's penetration per 1000 small business establishment is strong in Dutchess County. Small business lending penetration in low- and moderate-income census tracts exceeds the percentage of low- and moderate-income census tracts within the county.

**MSA 3610 (JAMESTOWN, NY)**

Marine has an overall satisfactory record of lending in this MSA. Although community development is weak, home mortgage, home improvement and small business loan activities are strong in low- and moderate-income census tracts.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

The only community development activity in this MSA consists of \$21 thousand in grants to community development organizations serving Chautauqua County. Approximately fifteen percent of this county's census tracts are low- and moderate-income.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

Marine's performance with respect to loan application and approval activity for home purchase and refinance loans in this MSA is strong. On a demand-adjusted basis, applications and approvals are slightly stronger in low- and moderate-income census tracts than in non-low and moderate-income census tracts.

**HOME IMPROVEMENT ACTIVITY**

Home improvement lending in this MSA is strong. On a demand-adjusted basis, approvals are stronger in low- and moderate-income census tracts than in non-low- and moderate-income census tracts.

**SMALL BUSINESS LENDING ACTIVITY**

The bank demonstrates an excellent level of small business lending within Chautauqua County. Loan penetration per 1000 small business establishments is strong and the bank originated over 40 percent of its loans in this county within low- and moderate-income census tracts, while only 15 percent of the county's census tracts are of low- and moderate-income.

**MSA 2335 (ELMIRA, NY)**

Marine's overall level of performance in the MSA is satisfactory. Although there is no community development lending, mortgage loan activity is satisfactory and home improvement and small business loan activity is strong.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

There is no community development activity in this MSA, although twenty six percent of the census tracts are of low- and moderate-income.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

Marine's performance in originating home purchase and refinance loans within this MSA is satisfactory. On a demand-adjusted basis, mortgage applications and loan approvals are only moderately stronger in non-low- and moderate-income census tracts than in low- and moderate-income census tracts.

**HOME IMPROVEMENT ACTIVITY**

Home improvement lending in this MSA is strong. On a demand-adjusted basis, approvals are twice as strong in low- and moderate-income census tracts then in non-low- and moderate-income census tracts.

**SMALL BUSINESS LENDING ACTIVITY**

The bank's record of small business lending is strong in this MSA. Overall penetration per 1000 small business establishments is strong and the percentage of loans originated in low- and moderate-income tracts exceed the percentage of such tracts.

**MSA 2975 (GLEN FALLS, NY)**

Marine's overall performance in this MSA is weak. Community development activity is minimal; however, low- and moderate census tracts are limited to Warren County where only seven percent of the tracts are low- and moderate-income. There are no small business loans made in such census tracts. Mortgage and home improvement activity is also weak with only one loan made in low- and moderate-income census tracts.

**I. COMMUNITY DEVELOPMENT**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

The only community development activity consists of \$2 thousand in affordable housing grants. Seven percent of the census tracts in Warren County are of low- and moderate-income.

**II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

**MORTGAGE ACTIVITY**

Marine's performance in originating home purchase and refinance loans in this MSA is weak. Only Warren County has low- and moderate-income census tracts and no home purchase or refinance loans were made in such census tracts; however, only four percent of the owner-occupied units in the county are in low- and moderate-income census tracts.

**HOME IMPROVEMENT ACTIVITY**

Only one loan was approved in a low- and moderate-income census tracts, and as a result, on a demands-adjusted basis, loan approvals are significantly stronger in non-low- and moderate-income census tracts.

**SMALL BUSINESS LENDING ACTIVITY**

Overall loan penetration per 1000 small business establishments is satisfactory; however, there are no small business loans in the low- and moderate-income census tract in Warren County.

## **NON-MSA**

Included in Marine's delineation are fifteen rural counties in upstate New York which are not part of an MSA. These counties are divided into Block Numbering Areas ( BNAs ) of which 12.8% are of low- and moderate-income. Overall, Marine's record of meeting the credit needs of communities within the non-MSA portions of its delineation is satisfactory. Community development activity is strong and small business loan penetration activity is strong with lending in low- and moderate-income BNAs at a satisfactory level. Home improvement activity is strong throughout the low- and moderate-income BNAs and mortgage loan activity is satisfactory, although weaknesses were noted in certain counties.

### **I. COMMUNITY DEVELOPMENT**

Community development activity within the non-MSA operation totaled \$8.5 million. One new loan for \$7.3 million to a manufacturing company in Clinton County resulted in new jobs for the community. While community development lending is only noted in Clinton and Jefferson counties; an additional \$18 thousand in grants was distributed throughout the non-MSA counties.

### **II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

#### **MORTGAGE ACTIVITY**

Marine's level of applications and approvals for mortgage loans is satisfactory in the non-MSA portions of its delineation. Of the fifteen counties located in the non-MSA, eight counties contain low- and moderate-income BNAs. Overall, on a demand-adjusted basis, loan application and approval activity is moderately stronger in non-low- and moderate-income BNAs than in low- and moderate-income BNAs and the volume of lending is lower in the non-MSA counties than in the bank's other delineated areas. On a demand-adjusted, Clinton, Tomkins, Jefferson and Lewis counties have a very satisfactory level of lending in low- and moderate-income BNAs, while such activity shows a moderate level of weakness in St. Lawrence and Franklin counties. Ulster and Cattaraugus have a weak level of application and loan activity in low- and moderate-income BNAs.

#### **HOME IMPROVEMENT ACTIVITY**

Overall, the bank's level of home improvement lending is strong in the low- and moderate-income BNAs. On a demand-adjusted basis, loan application and approval activity is moderately stronger in low- and moderate-income BNAs than in non-low- and moderate-income BNAs, and the volume of lending is strong throughout the non-MSA area.

### **SMALL BUSINESS LENDING ACTIVITY**

Overall, the bank's penetration level per 1000 small business establishments in the non-MSA portions of its delineation is excellent, and lending in low- and moderate-income BNA's is satisfactory. In Ulster, Cortland and Sullivan the percentage of loans originated in low- and moderate-income BNAs exceeds the percentage of low- and moderate-income BNAs, and in Jefferson County originations in such BNAs are satisfactory. Weakness in loan penetration, however, in low- and moderate-income BNAs in Clinton and Tomkins are noted. There are no loans originated in low- and moderate-income BNAs in St. Lawrence, Cattaraugus and Franklin counties.

### **III. TYPES OF CREDIT OFFERED AND EXTENDED**

**Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.**

#### **HUD SECTION 184 INDIAN HOUSING PROGRAM**

This program is available to Native Americans living on the St. Regis Mohawk Indian Reservation in Franklin County. This loan guarantee program provides eligible Indian applicants and Indian housing authorities with government mortgage financing for purchase, rehabilitation, and new construction loans. The program does not have a maximum income limit and total fixed payment cannot exceed 41 percent of income. The tribes' Indian Housing Authority assists with the administration of the program including marketing, educational assistance, and eviction and foreclosure procedures. Fannie Mae has agreed to purchase the loans on the secondary market. To date, there has only been builder approvals for this program. Although no loans have closed as of October 1996, Marine has committed \$5 million to this program.

#### **NMGAS COMMERCIAL FINANCING PROGRAM**

Through a partnership with Niagara Mohawk, Marine is participating in a commercial interest subsidy program for businesses that would like to convert to gas or install upgraded gas consuming equipment. The program offers Prime Rate financing in an effort to encourage commercial customers to install natural gas equipment. The maximum loan amount is \$25 thousand with a maximum repayment term of 48 months. The program is offered to businesses in the Central and Capital Regions. Since April 1995, Marine has approved one loan in the amount of \$19 thousand.

**CONCLUSIONS WITH RESPECT TO ASSESSMENT FACTORS AND CRITERIA THAT PERTAIN SOLELY TO THE CRA PROCESS, DEMOGRAPHICS, AND ECONOMIC FACTORS:**

**I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS**

**Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.**

Marine has undertaken adequate efforts to ascertain the credit needs of its community, including low- and moderate-income neighborhoods. Ascertainment efforts are coordinated in the bank's Community Reinvestment Business Management Group ( CRBM ) by the CRA Relations Manager whose primary responsibility is to ensure that the bank has an understanding of its community's credit needs and to identify ways to effectively meet those needs. Ascertainment efforts in Marine's delineated communities are carried out mainly through the following: Community Assessment Surveys; Focus Groups and CRA Advisory Councils; and Officer Calling Programs. The effectiveness of the various efforts are analyzed and reported to management through the District CRA Self Assessments. Through these efforts, the need for more flexible underwriting criteria targeted to low- and moderate-income borrowers and small businesses has been identified. In addition, more home buyer education and improved marketing of Marine's flexible mortgage loan products to low- and moderate-income borrowers were also identified.

As a result of the ascertainment efforts, the bank has developed flexible underwriting products for mortgage, home improvement, and small business loans. Examples of the flexible underwriting products include Marine 97, New York Neighbors, Lackawanna Community Home Improvement Program, and Westchester Regional Small Business Program. (See pages 15-19 and 51 for additional details on flexible loan products/programs). Home buyer education has been enhanced through increased bank-sponsored seminars and through participation in organizations that sponsor home ownership counseling.

The bank participates in home ownership counseling seminars with organizations such as: New York Mortgage Coalition; New York City Home Ownership; and Buffalo Neighborhood Housing Service. In addition, approximately 106 home buyer seminars were conducted throughout New York State. Marketing to low- and moderate-income borrowers has also been improved through on-going meetings and contacts with churches, political leaders, and local affordable housing entities.



## **COMMUNITY ASSESSMENT SURVEY**

The Bank conducted a community assessment survey during the second quarter of 1996. This survey was designed to better understand the credit and financial services needs of low- and moderate- income individuals and communities. Questionnaires were distributed to community-based organizations and branch managers throughout the bank's delineated communities. The

community-based organizations targeted were knowledgeable of community credit needs and represented interests in affordable housing, small business, economic development and community support services.

## **FOCUS GROUPS/ ADVISORY COUNCILS**

In December 1995, Marine Midland began conducting focus group meetings in the New York City counties of the Bronx and Kings and in the cities of Buffalo and Albany in upstate New York. The primary purpose of these focus group studies was to ascertain community credit needs of low- and moderate-income individuals and measure the perception and performance of the bank in meeting those needs. The bank engaged the services of a professional research organization to conduct its first focus group in the Bronx. Later focus groups were conducted by the bank's CRBM. Focus group participants were selected from local business, community, and church organizations. Participants most frequently indicated the availability of credit and the distribution of services as areas for improvement.

## **CRA ADVISORY COUNCILS**

CRA Advisory Councils were established to have an improved and on-going dialogue with community representatives and increase awareness of credit needs. Many of the advisory council members were selected from their participation in the original focus groups and have leadership roles in community, social and business organizations. Advisory councils meet on a quarterly basis and have been established in the cities of Albany and Buffalo and in Kings and Bronx counties of New York City. The establishment of additional advisory councils are planned for the cities of Rochester, Syracuse, and Newburgh.

## **OFFICER CALLING PROGRAMS**

Marine Midland requires all districts to prepare annual CRA plans and monitor the plan through quarterly self assessments. District managers are required to ascertain the needs of their service areas as part of each CRA plan. Business development officers and other customer contact personnel in each district make regular calls and visits throughout the delineated communities in order to ascertain district credit needs. Whenever these calls uncover specific kinds of credit needs, the information is funneled through the CRBM via the quarterly self assessment for review and action.

**Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.**

The board of directors is actively involved in establishing and overseeing Marine's CRA efforts. An effective organizational structure has been developed for creating and implementing CRA initiatives. The board established the Community Reinvestment Business Management Group ( CRBM ) to manage the bank's CRA activities and integrate CRA into the bank's everyday business. The CRBM group is managed by the CRA Relations Manager with the assistance of the Community Relations Manager, the Commercial Products Manager, the Consumer Products Manager and three other staff members.

**THE FIDUCIARY COMMITTEE**

The board of directors receives quarterly reports from its fiduciary committee which monitors the bank's CRA performance. This committee consists of four directors and meets quarterly. A presentation is made by the CRA Relations Manager to the fiduciary committee at each meeting on the bank's progress in implementing the board approved CRA Plan. The fiduciary committee also reviews and approves the annual CRA statement, annual CRA plan, and regulatory examinations relating to compliance and CRA.

**CRA MANAGEMENT COMMITTEE**

Senior management monitors CRA activities through its CRA Management Committee. This committee is chaired by the bank's Chief Executive Officer and consists of the following members: Chief Operating Officer; Chief Credit Officer; Consumer Finance Executive Vice President, Marketing Senior Vice President, Community Reinvestment Business Manager, and the Community Relations Manager. The CRA Management Committee establishes annual CRA goals, sets budgets for marketing, contributions, and capital investments and targets for loan volumes. Additionally, on a quarterly basis, the committee reviews each region's CRA performance under the established goals and objectives.

**II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED**

**Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.**

Marine's marketing program inform all segments of its delineated community, including low- and moderate-income communities, of the availability of its credit products and banking services. The bank utilizes a multi-media approach that relies primarily upon print, radio and television advertising. Other advertising formats are also employed. These include brochures, branch displays, and statement inserts. Between April 1995 and October 1996, the bank placed

approximately 23 thousand advertisements in print and on radio and television. These advertisements were part of marketing campaigns that emphasized general corporate image and the availability of products for mortgage, home equity, small business, and deposits. Approximately 7.3 percent of the total advertisements were specifically targeted to minority groups and/or low-and moderate-income communities. Other direct marketing efforts include Home Buyers' Seminars sponsored by the bank, as well as Marine's participation in community festivals and special events.

## **RADIO/TELEVISION**

Marine employs radio as its primary advertising tool. From April 1995 through October 1996, approximately 15 thousand radio advertisements were placed on 102 radio station throughout all delineated communities. Radio stations are selected based upon their audience demographics and advertisements were placed in English, Spanish, and Chinese. Radio media was used to promote mortgage products, home equity loans, checking accounts and secured visa credit cards.

Approximately nine percent of the total radio advertisements were placed on radio stations targeted to minority audiences. Television advertising was used to promote Marine's image and general product availability. From April 1995 through October 1996, approximately 7 thousand television commercials were placed on stations located in all of the bank's delineated communities.

## **PRINT MEDIA**

From April 1995 through October 1996, approximately 1.8 thousand print advertisements were placed in major regional, local and minority newspapers throughout the bank's delineated communities. Print media was used to promote mortgage products, home equity, secured visa credit cards, checking and small business and print advertisements were placed in English, Spanish and Chinese. Approximately, 83 percent of the print advertisements were placed in major regional and local newspapers such as the following: Buffalo News; Rochester Democrat Chronicle/Times Union; Syracuse Post Standard/Herald Journal; Albany Times Union; Binghamton Sun Press; New York Daily News; and Newsday. Print advertisements specifically targeted to minority groups and/or low- and moderate-income audiences represented approximately 17 percent of the total print advertisements placed by the bank. Examples of minority newspapers utilized includes the following: Buffalo Criterion; China Press; Sing Tao; El Vecino; Marcellus Observer; Hudson Valley Press; El Diario; and Amsterdam News.

## **OTHER MARKETING**

Brochures advertising Marine's various consumer and business products are available through the network of 324 branches. These brochures are available in English, Spanish and Chinese and are also used as statement stuffers. Direct mail items are also sent to existing customers as a means of cross-selling specific bank products and services. The brochures and statement stuffers are complemented by the use of in-branch signage. Marine has also marketed its products through contacts made as part of its outreach efforts.

In addition, Marine has marketed its mortgage products by sponsoring and participating in home buyer seminars. From June 1995 through September 1996, Marine participated in approximately 185 home buyer seminars in all five regions of its delineated communities. These seminars provide an opportunity to inform real estate brokers and consumers, including low- and moderate-income consumers, on the availability of affordable mortgage products. Moreover, for the last six months of 1995, approximately 22 small business seminars were conducted to inform the business community about the availability and underwriting requirements of small business loan products.

**Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.**

## **COMMUNITY PROFILE**

The demographic and statistical information used in this analysis was obtained from the U.S. Department of Commerce - Bureau of the Census, The New York State Department of Labor and the New York State Department of Economic Development. Housing, income and population data is from the 1990 census with updates through 1993 from the Regional Employment and Income Series. Employment and industry figures for 1995 and 1996 were provided by the Division of Research and Statistics, New York Department of Labor.

Marine's delineated community encompasses all or part of 52 of New York's 62 counties and includes all or part of all 13 Metropolitan Statistical Areas ( MSAs ) in New York State. Also included are all or portions of 15 counties which are not located within MSAs.

New York State continues to recover from the 1990-1991 U.S. recession. Recovery has been slower in New York because the area was hit harder and longer than most of the rest of the country. Continued downsizing in government, manufacturing and defense-related industries, coupled with large scale restructuring in the financial services sector and low real estate values contribute to the slower recovery rate.

The unemployment rate in the State is declining. As of November 1996, the unemployment rate

was 5.7 percent. In November 1995, the rate was 6.0 percent. Nationally, the November 1996 unemployment rate was 5.0 percent. Even before the recession, manufacturing jobs, especially in the upstate region, were on the decline. These jobs as well as financial service industry jobs were mainly replaced with jobs in the general services and wholesale/retail trade industries. Overall, income levels have experienced minimal gains since 1990.

Demographic and economic factors vary greatly within Marine's delineation. The downstate region of the state, including New York City (MSA 5600), Long Island (MSA 5380) and the lower Hudson Valley (MSAs 2281 and 5660), is a densely populated area that accounts for about 75 percent of the State's economy. However, this area has a high proportion of low- and moderate-income census tracts, the majority of which are in New York City. Housing in this region of the bank's delineation is more expensive in relation to the median family income than in the rest of the state.

Upstate New York is less densely populated and there is a much lower cost structure than in the downstate region. Housing is plentiful and more reasonably priced, but the housing stock is older. Economic growth in the upstate portion of the state is more restrained primarily because of downsizing in the manufacturing and government sectors, which traditionally provided a high percentage of employment. These factors have primarily impacted the economy in the Albany, Buffalo and Rochester areas. Approximately 32 percent of the population within Marine's delineation lives in the upstate counties and 23 percent of the population living in low- and moderate-income census tracts and BNAs within Marine's delineation live in this region.

The following tables and text break down Marine's delineation by assessment area. Low- and moderate-income census tracts are those where the median family incomes are less than 80 percent of the median family income for the MSA. For the counties not within an MSA, low- and moderate-income BNAs are those where the median family income is less than 80 percent of the median family income for the non-metropolitan area of the State.

**Total Delineation**

<b>Tracts Characteristics</b>	<b>Delineation</b>	<b>Total</b>
Total Number of Census Tracts		4,427
Total Number of BNAs		219
Total Number of Tracts & BNAs		4,646
LESS: Tracts with Zero Population/Housing		87
Tracts Considered for Analysis		4,559
Number of Low/Mod Census Tracts		1,204
Number of Low/Mod BNAs		26
Number of Low/Mod Tracts & BNAs		1,230
Percent of Low/Mod Tracts & BNAs		26.98
Number of Minority Tracts (> = 80%)		912
Percent Minority		20.00
Number L/M & Minority Tracts & BNAs		610
Percent L/M & Minority		13.38

<b>Tract Demographics</b>	<b>Total Delineation</b>
Population	17,214,291
Population in Low/Mod Tracts & BNAs	4,478,188
Percent of Population in Low/Mod Tracts & BNAs	26.01
Market Minority Population	5,434,772
Percent Minority Population	31.57
Minority population in Low/Mod Tracts & BNAs	2,978,384
Percent Minority in Low/Mod tracts & BNAs	17.30
Number of Owner Occupied Units	3,269,844
Owner-Occupied Units in Low/Mod Tracts & BNAs	379,130
Percent of Owner-Occupied Units in Low/Mod Tracts & BNAs	11.60

The total population in New York State is approximately 18 million. Ninety-six percent, or approximately 17.2 million, of that population lives within Marine's delineation. Within the delineation, 26 percent of the population live in low- and moderate-income census tracts or BNAs and 64.4 percent of the population, 2.9 million out of 4.5 million, living in low- and moderate-income census tracts and BNAs are minorities. Forty-eight percent of the housing units in New York State are owner-occupied, but this statistic varies greatly with the income level of the geography and from assessment area to assessment area. Generally, rental housing comprise a majority of the housing units in low- and moderate-income census tracts and BNAs.

<b>Tract Characteristics</b>	<b>MSA 5600 (New York, NY)</b>
Total Number of Tracts	2,497
LESS: Tracts with Zero Population/Housing	60
Tracts Considered for Analysis	2,437
Number of Low/Mod Tracts	764
Percent Low/Mod	31.35
Number of Minority Tracts (>=Percent)	835
Percent Minority	34.26
Number L/M & Minority Tracts	543
Percent L/M & Minority	22.28

<b>Tract Demographics</b>	<b>MSA 5600 (New York, NY)</b>
Population	8,520,506
Population in Low/Mod Tracts	2,938,761
Percent of Population in Low/Mod Tracts by MSA	34.49
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	65.62
Market Minority Population	4,412,237
Percent Minority	51.78
Minority Population in Low/Mod Tracts	2,490,309
Percent Minority in Low/Mod Tracts	29.23
Number of Owner Occupied Units	1,084,100
Owner Occupied Units in Low/Mod Tracts	106,603
Percent Owner Occupied Units in Low/Mod Tracts	9.83

**MSA 5600 (New York, NY)**

The New York MSA includes the five counties in New York City, (New York, Kings, Queens, Bronx and Richmond), as well as the suburban counties of Westchester, Putnam and Rockland. MSA 5600 has the largest percentage of population, 49.5 percent, in Marine’s delineation area and the highest percentage of the population residing in low- and moderate-income census tracts, 34.5 percent. The total population of MSA 5600 is 8.5 million. Approximately 86 percent (7.3 million) of the population is concentrated in New York City. Also, of the 764 low- and moderate-income census tracts used in the analysis of MSA 5600, 97 percent (740) are in New York City. The majority of low- and moderate-income census tracts are located in Kings County. In contrast to the suburban portion of the MSA, where 66 percent of the housing units are owner occupied, only 31 percent of the housing units in New York City are owner occupied. This is most pronounced in the Bronx,



where just 17 percent of housing units are owner occupied. The HUD adjusted median family income in MSA 5600 for 1995 was \$43 thousand; 80 percent of that is \$34.4 thousand. The median housing value based on the 1990 census in the MSA is \$207 thousand. This makes financing of multi-family housing an important component of affordable housing lending this MSA.

The unemployment rate increased for New York City from 8.0 percent in November 1995 to 8.5 percent in November 1996. The highest unemployment rate is found in the Bronx, where the rate was 11.0 in November 1996, up from 9.5 percent in November 1995. Fewer major downsizing and closings were announced in 1996 than in recent years, and the area saw a modest increase in jobs, especially in the service sector lead by tourism and retailing.

The financial services industry, including banking, insurance and securities, continues to be a major contributor to employment and the local economy. However, in response to economic and competitive pressures, the industry has consolidated and downsized during the last decade and is continuing to shift certain operations outside New York City. The public sector, including federal and municipal agencies, also suffered the effects of consolidation and reduced budgets. In contrast, health and human services, education and social services remain strong and continue posting modest job gains.

The Hudson Valley portion of the MSA, encompassing Putnam, Rockland and Westchester Counties, has approximately 1.2 million residents. These counties have 275 thousand owner occupied housing units. The low- and moderate-income census tracts in this portion of the MSA are primarily in the City of Yonkers in Westchester County. There are no low- and moderate-income census tracts in Putnam County.

Unemployment rates in the Hudson Valley declined between 1995 and 1996. Rates as of November 1996 in Putnam, Rockland and Westchester Counties were 2.9, 3.6 and 3.5 percent, respectively. This compares to November 1995 rates of 3.3, 4.3 and 4.0, respectively. After being hit hard by the earlier effects of corporate restructuring and downsizing, particularly related to IBM and the General Motors Tarrytown facility, the area has recently seen an increase in job opportunities. Most jobs are in the service sector, which currently comprises nearly one-third of all jobs in the region.

<b>Tract Characteristics</b>	<b>MSA 5380 (Nassau-Suffolk, NY)</b>
Total Number of Tracts	582
LESS: Tracts with Zero Population/Housing	8
Tracts Considered for Analysis	574
Number of Low/Mod Tracts	84
Percent Low/Mod	14.63
Number of Minority Tracts (> = Percent)	20
Percent Minority	3.48
Number L/M & Minority Tracts	12
Percent L/M & Minority	2.09

<b>Tract Characteristics</b>	<b>MSA 5380 (Nassau-Suffolk, NY)</b>
Population	2,603,986
Population in Low/Mod Tracts	392,872
Percent of Population in Low/Mod Tracts by MSA	15.09
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	8.77
Market Minority Population	405,821
Percent Minority	15.58
Minority Population in Low/Mod Tracts	142,900
Percent Minority in Low/Mod Tracts	5.49
Number of Owner Occupied Units	687,506
Owner Occupied Units in Low/Mod Tracts	81,465
Percent Owner Occupied Units in Low/Mod Tracts	11.85

### **MSA 5380 (Nassau-Suffolk, NY)**

The two counties (Nassau and Suffolk) that make up Long Island have a combined population of 2.6 million, or 15.1 percent of Marine's delineated area population. Of the 574 census tracts considered for analysis, 14.6 percent, are low- and moderate-income. The majority of the low- and moderate-income census tracts are located in Hempstead, Roosevelt and Freeport in Nassau County and in the eastern portion of Suffolk County.

The level of home ownership on Long Island is high; 74 percent of housing units in this MSA are owner-occupied. The median housing value in 1990 was \$186 thousand. The median HUD adjusted family income for 1995 in MSA 5380 was \$63.4 thousand.

Long Island's defense industry continues to lose jobs as Northrop Grumman closes out its manufacturing operations. However, the local economy is rebounding with the growth of small businesses and high-technology employers such as sub-contracting firms in the aviation and auto industries, with non-farm jobs up 7.2 thousand since March 1995. Unemployment on Long Island

declined between November 1995 and 1996, from 4.4 percent to 3.3 percent, respectively.

<b>Tract Characteristics</b>	<b>MSA 1280 (Buffalo-Niagara Falls, NY)</b>
Total Number of Tracts	290
LESS: Tracts with Zero Population/Housing	3
Tracts Considered for Analysis	287
Number of Low/Mod Tracts	84
Percent Low/Mod	29.27
Number of Minority Tracts (> = Percent)	22
Percent Minority	7.67
Number L/M & Minority Tracts	22
Percent L/M & Minority	7.67

<b>Tract Characteristics</b>	<b>MSA 1280 (Buffalo-Niagara Falls, NY)</b>
Population	1,183,265
Population in Low/Mod Tracts	278,737
Percent of Population in Low/Mod Tracts by MSA	23.56
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	6.22
Market Minority Population	161,192
Percent Minority	13.62
Minority Population in Low/Mod Tracts	116,343
Percent Minority in Low/Mod Tracts	9.83
Number of Owner Occupied Units	297,969
Owner Occupied Units in Low/Mod Tracts	47,407
Percent Owner Occupied Units in Low/Mod Tracts	15.91

### **MSA 1280 (Buffalo-Niagara Falls, NY)**

The two counties (Buffalo and Niagara) that make up this MSA have a combined population of 1.2 million, or 6.9 percent of Marine's total delineated area population. Of the 287 census tracts considered for analysis, 29.3 percent are of low- and moderate income. Almost 24 percent of the MSA's population live in these low- and moderate - income census tracts. Almost 65 percent, 298 of 462, of the housing units in the MSA are owner-occupied. Just under 16 percent of the owner-occupied housing units are in low- and moderate-income census tracts.

The population of this MSA over the age of 65 has increased significantly in the last 10 years. The total population in this region declined by 4.3 percent from 1980 to 1990. The population over age 65, however, has grown by 17 percent and now amounts to 15.2 percent of the total population.

During the four year period from 1990-1994, the MSA's economy suffered a decline of 2.3 percent in overall employment. Most of this decline was the result of job losses in manufacturing and construction. Manufacturing had been the main component of the job market in this MSA for many years, but starting in the late 1960's, manufacturing jobs began to decline in relative terms. In September of 1966, manufacturing jobs accounted 37 percent of the region's employment. In 1994, the manufacturing industry accounted for only 14.7 percent of total employment. For the most part the manufacturing jobs have been replaced by lower paying service sector jobs which have become an increasingly important part of the MSA's economy. By April 1996, service sector jobs accounted for 29.2 percent of the MSA's employment and retail and wholesale trade accounted for 24.2 percent. Trade related jobs accounted for 24 percent of employment. The health service industry, which accounted for 12.2 percent of employment, had been the fastest growing sector of the MSA's economy until 1993 when consolidation slowed its growth. For the period November 1995 to November 1996, unemployment improved slightly from 4.9 percent to 4.6 percent.

<b>Tract Characteristics</b>	<b>MSA 6840 (Rochester, NY)</b>
Total Number of Tracts	264
LESS: Tracts with Zero Population/Housing	2
Tracts Considered for Analysis	262
Number of Low/Mod Tracts	87
Percent Low/Mod	33.21
Number of Minority Tracts (> = Percent)	22
Percent Minority	8.40
Number L/M & Minority Tracts	22
Percent L/M & Minority	8.40

<b>Tract Characteristics</b>	<b>MSA 6840 (Rochester, NY)</b>
Population	1,061,909
Population in Low/Mod Tracts	226,456
Percent of Population in Low/Mod Tracts by MSA	21.33
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	5.06
Market Minority Population	139,160
Percent Minority	13.10
Minority Population in Low/Mod Tracts	87,113
Percent Minority in Low/Mod Tracts	8.20
Number of Owner Occupied Units	269,079
Owner Occupied Units in Low/Mod Tracts	40,760
Percent Owner Occupied Units in Low/Mod Tracts	15.15

**MSA 6840 (Rochester, NY)**

This MSA includes the counties of Genesee, Livingston, Monroe, Ontario, Orleans and Wayne. The six counties have a combined population of 1.1 million, or 6.2 percent of Marine's total delineated area population. Of the 262 census tracts considered for analysis, 33.2 percent are of low- and moderate-income. Approximately 226 thousand people, or 21.3 percent of the MSA's population live in low- and moderate-income census tracts.

There are 269 thousand housing units of which, 68 percent, are owner-occupied. Just over 15 percent of the owner-occupied housing units are located in low- and moderate-income census tracts.

Since 1990, this MSA has lost 12 thousand manufacturing jobs. However, manufacturing still accounts for 24 percent of the MSAs employment. The services industry, which furnishes 73 percent of the jobs in the MSA, has been creating jobs as manufacturing has declined, and as a result, the unemployment rate in the Rochester MSA is one of the lowest in the state. As of November 1996, the rate was 3.4 percent; an improvement from just over the 4 percent the prior year. The MSA relies on Eastman Kodak Company, the area's largest employer with 34 thousand workers, Bausch & Lomb and Xerox for many of its manufacturing jobs. Rochester is also considered one of the largest tool and die centers in the United States and is a world leader in optics technology.

<b>Tract Characteristics</b>	<b>MSA 0960 (Binghamton, NY)</b>
Total Number of Tracts	68
LESS: Tracts with Zero Population/Housing	3
Tracts Considered for Analysis	65
Number of Low/Mod Tracts	18
Percent Low/Mod	27.69
Number of Minority Tracts (> = Percent)	0
Number L/M & Minority Tracts	0

<b>Tract Characteristics</b>	<b>MSA 0960 (Binghamton, NY)</b>
Population	264,497
Population in Low/Mod Tracts	52,331
Percent of Population in Low/Mod Tracts by MSA	19.79
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	1.17
Market Minority Population	11,292
Percent Minority	4.27
Minority Population in Low/Mod Tracts	4,099
Percent Minority in Low/Mod Tracts	1.55
Number of Owner Occupied Units	68,361
Owner Occupied Units in Low/Mod Tracts	10,008
Percent Owner Occupied Units in Low/Mod Tracts	14.64

**MSA 0960 (Binghamton, NY)**

MSA 0960 includes all of Broome and Tiago Counties. The two counties have a combined population of only 264 thousand, or 1.5 percent of Marine’s total delineated area population. Of the 65 census tracts considered for analysis, 27.6 percent are of low- and moderate income. Approximately 52 thousand people, or 19.8 percent of the MSA’s population lives in these low- and moderate income census tracts.

There are 101 thousand occupied housing units in the MSA. Of this total, 68 thousand units or 67.3 percent are owner occupied units. Ten thousand units or 14.6 percent of the owner- occupied housing units are in low- and moderate-income census tracts.

The area in and around the MSA has numerous technological centers which form an integral part of the MSA’s economy. IBM, located in Binghamton, is the largest employer in the community. Binghamton University has the Integrated Electronics Engineer Center. Cornell University boasts a supercomputer and Alfred University has its Center for Advanced Ceramic Technology. Another major employer adjacent to the area is the Corning Glass Company.

The area has experienced a major economic downturn in recent years due to the restructuring of major industrial and defense-related employers such as IBM, Lockheed Martin, Loral, and Hughes Corporation. A large out migration of residents has resulted from this economic plight. Area employment dropped from 125 thousand in 1988 to 111 thousand in 1995. The unemployment rate, however, did drop between 1995 to 1996 from 4.8 percent to 3.6 percent. Binghamton was the only major New York State market to experience a net job loss in 1995. Further reduction in defense industry employment is expected with the continued contraction of the military budget and the consolidation of the defense industry.

A positive area of employment in the MSA has been the service industry. Between 1990 and 1995, the service industry increased employment by 12.2 percent.

The overall negative employment trend has caused high commercial real estate vacancy rates, a decline in single family home sales, and a fall in commercial and residential construction spending. Commercial building vacancy is approximately 40 percent in downtown Binghamton.



<b>Tract Characteristics</b>	<b>MSA 2975 (Glen Falls, NY)</b>
Total Number of Tracts	29
LESS: Tracts with Zero Population/Housing	0
Tracts Considered for Analysis	29
Number of Low/Mod Tracts	1
Percent Low/Mod	3.45
Number of Minority Tracts (> = Percent)	0
Number L/M & Minority Tracts	0

<b>Tract Characteristics</b>	<b>MSA 2975 (Glen Falls, NY)</b>
Population	99,979
Population in Low/Mod Tracts	1,716
Percent of Population in Low/Mod Tracts by MSA	1.72
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	0.04
Market Minority Population	4,145
Percent Minority	4.15
Minority Population in Low/Mod Tracts	12
Percent Minority in Low/Mod Tracts	0.01
Number of Owner Occupied Units	25,731
Owner Occupied Units in Low/Mod Tracts	541
Percent Owner Occupied Units in Low/Mod Tracts	2.10

**MSA 2975 (Glen Falls, NY)**

In this MSA the bank's delineation includes the northeast corner of Warren County and all but the two northern most census tracts of Washington County. Combined, the population is only 100 thousand, and represents less than 1 percent of Marine's total delineation area population. Of the 29 census tracts considered for analysis, 3.5 percent are of low- and moderate-income. Approximately 1.7 thousand people, or 1.7 percent of the MSA's population, lives in low- and moderate-income tracts. There are approximately 36 thousand occupied housing units in the MSA; 26 thousand units or 72 percent are owner-occupied. Five hundred and forty-one of the owner-occupied housing units are in low- and moderate-income census tracts.

Between 1990 to 1994, the MSA experienced a major drop in employment of 7.9 percent. The hardest hit industries were transportation, public utilities, manufacturing and construction. The service sector, however, experienced a major increase of 15.3 percent in employment for this same period. As of 1994, the services, retail trade, and manufacturing industries were the three largest industry employers in the MSA with 29 percent, 19 percent, and 16 percent of total employment, respectively. Overall, the unemployment rate for this MSA has decreased for the period November 1995 to November 1996 from 6.5 percent to 6 percent.

<b>Tract Characteristics</b>	<b>MSA 8680 (Utica-Rome, NY)</b>
Total Number of Tracts	101
LESS: Tracts with Zero Population/Housing	3
Tracts Considered for Analysis	98
Number of Low/Mod Tracts	26
Percent Low/Mod	26.53
Number of Minority Tracts (> = Percent)	1
Percent Minority	1.02
Number L/M & Minority Tracts	1
Percent L/M & Minority	1.02

<b>Tract Characteristics</b>	<b>MSA 8680 (Utica-Rome, NY)</b>
Population	314,040
Population in Low/Mod Tracts	64,237
Percent of Population in Low/Mod Tracts by MSA	20.46
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	1.43
Market Minority Population	20,048
Percent Minority	6.38
Minority Population in Low/Mod Tracts	13,077
Percent Minority in Low/Mod Tracts	4.16
Number of Owner Occupied Units	78,193
Owner Occupied Units in Low/Mod Tracts	8,619
Percent Owner Occupied Units in Low/Mod Tracts	11.02

### **MSA 8680 (Utica-Rome, NY)**

The Utica-Rome MSA is composed of Herkimer and Oneida counties with a combined population of 314 thousand, or 1.8 percent of Marine's total delineated area population. Of the 98 census tracts considered for analysis, 26.5 percent are of low- and moderate-income. Approximately 64 thousand people, or 20.5 percent of the MSA's population lives in low-and moderate-income tracts.

Of the 117 thousand occupied housing units in the MSA, 78 thousand, or 66.7 percent, are owner occupied. Eleven percent, of the owner-occupied units are located in low-and moderate-income census tracts.

Between 1990 to 1994, the MSA experienced a major drop in employment, with construction, wholesale trade, and manufacturing the hardest hit. The service sector, however, experienced a major increase of 11.5 percent in employment for this same period. As of 1994, the services, government, and retail trade industries were the three largest employers in the MSA with 27 percent, 22 percent, and 17 percent of total employment, respectively. Overall, the unemployment rate for this MSA

decreased from 5.2 percent in November 1995 to 4.6 percent in November 1996.

<b>Tract Characteristics</b>	<b>MSA 8160 (Syracuse, NY)</b>
Total Number of Tracts	201
LESS: Tracts with Zero Population/Housing	1
Tracts Considered for Analysis	200
Number of Low/Mod Tracts	50
Percent Low/Mod	25.00
Number of Minority Tracts (> = Percent)	5
Percent Minority	2.50
Number L/M & Minority Tracts	5
Percent L/M & Minority	2.50

<b>Tract Characteristics</b>	<b>MSA 8160 (Syracuse, NY)</b>
Population	715,658
Population in Low/Mod Tracts	147,171
Percent of Population in Low/Mod Tracts by MSA	20.56
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	3.29
Market Minority Population	60,010
Percent Minority	8.39
Minority Population in Low/Mod Tracts	36,635
Percent Minority in Low/Mod Tracts	5.12
Number of Owner Occupied Units	175,719
Owner Occupied Units in Low/Mod Tracts	19,817
Percent Owner Occupied Units in Low/Mod Tracts	11.28

### **MSA 8160 (Syracuse, NY)**

The Syracuse MSA consist of Cayuga, Madison, Onodaga and Oswego counties with a combined population of 716 thousand, and represents 4.2 percent of Marine's total delineated area population. Of the 200 census tracts considered for analysis, 25 percent are of low- and moderate-income. Just over 147 thousand people, or 20.6 percent of the MSA's population, lives in low- moderate income census tracts.

Of the 265 thousand occupied housing units in the MSA, 176 thousand, or 66.4 percent, are owner occupied. Approximately 20 thousand of the owner-occupied units are located in low- and moderate-income census tracts.

Between 1990 to 1994, the MSA experienced a major drop in employment, with construction, manufacturing, finance, insurance, and real estate affected most. The service sector, however, experienced an increase in employment for this same period. As of 1994, the services, retail trade,

and government were the three largest industry employers in the MSA. Overall, the unemployment rate for this MSA decreased from 5.3 percent in November 1995 to 4.2 percent in November 1996.

<b>Tract Characteristics</b>	<b>MSA 0160 Albany-Schenectady Troy, NY</b>
Total Number of Tracts	204
LESS: Tracts with Zero Population/Housing	2
Tracts Considered for Analysis	202
Number of Low/Mod Tracts	50
Percent Low/Mod	24.75
Number of Minority Tracts (> = Percent)	1
Percent Minority	0.50
Number L/M & Minority Tracts	1
Percent L/M & Minority	0.50

<b>Tract Characteristics</b>	<b>MSA 0160 Albany-Schenectady Troy, NY</b>
Population	815,622
Population in Low/Mod Tracts	161,152
Percent of Population in Low/Mod Tracts by MSA	19.76
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	3.6
Market Minority Population	65,014
Percent Minority	7.97
Minority Population in Low/Mod Tracts	32,797
Percent Minority in Low/Mod Tracts	4.02
Number of Owner Occupied Units	199,416
Owner Occupied Units in Low/Mod Tracts	26,280
Percent Owner Occupied Units in Low/Mod Tracts	13.18

### **MSA 0160 (Albany-Schenectady-Troy, NY)**

In this MSA, Marine's delineation includes Albany, Schenectady, Rensselaer, and Saratoga counties and the eastern half of Montgomery County. Combined, the population is 816 thousand, and represent 4.7 percent of Marine's total delineated area population. Of the 202 census tracts considered for analysis, 24.8 percent are of low- and moderate-income. There are approximately 161 thousand people, or 20 percent of the MSA's population, living in these low- and moderate-income census tracts.

There are 314 thousand occupied housing units in the MSA, of which 199 thousand, or 63.4 percent, are owner occupied. Just over 26 thousand of the owner-occupied housing units are in low-moderate income census tracts.

Between 1990 to 1994, the MSA experienced a major drop in employment in the construction industry and in the manufacturing and wholesale trade industries. The services and finance, insurance,

and real estate industries, however, experienced increases in employment for the same period. As of 1994, the services, government and government enterprises, and retail trade industries were the three largest industry employers in the MSA with 32 percent, 22 percent, and 16 percent of total employment, respectively.

Overall, the unemployment rate for this MSA has decreased for the period November 1995 to November 1996 from 4.7 percent to 3.7 percent.

<b>Tract Characteristics</b>	<b>MSA 2281 (Dutchess County, NY)</b>
Total Number of Tracts	68
LESS: Tracts with Zero Population/Housing	0
Tracts Considered for Analysis	68
Number of Low/Mod Tracts	16
Percent Low/Mod	23.53
Number of Minority Tracts (> = Percent)	2
Percent Minority	2.94
Number L/M & Minority Tracts	1
Percent L/M & Minority	1.47

<b>Tract Demographics</b>	<b>MSA 2281 (Dutchess County, NY)</b>
Population	259,462
Population in Low/Mod Tracts	45,210
Percent of Population in Low/Mod Tracts by MSA	17.42
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	1.01
Market Minority Population	36,431
Percent Minority	14.04
Minority Population in Low/Mod Tracts	16,030
Percent Minority in Low/Mod Tracts	6.18
Number of Owner Occupied Units	61,899
Owner Occupied Units in Low/Mod Tracts	6,383
Percent Owner Occupied Units in Low/Mod Tracts	10.31

### **MSA 2281 (Dutchess County, NY)**

This MSA, which is comprised of Dutchess County, has a population of 259 thousand, and represents 1.5 percent of Marine's total delineated area population. Of the 68 census tracts considered for analysis in this MSA, 16 or 23.5 percent are of low- and moderate-income. Approximately 45 thousand people, or 17.4 percent of the MSAs population, lives in low- and moderate-income census tracts.

There are 89 thousand occupied housing units in the MSA, of which, 62 thousand, 69.7 percent, are owner occupied. The number of owner occupied housing units in low-moderate income census tracts is 6 thousand or 10.3 percent of the owner-occupied housing units in the MSA.

Between 1990 to 1994, the MSA experienced a major drop in employment. Construction jobs declined 46 percent and manufacturing employment dropped 28 percent. Employment in the finance, insurance, and real estate industry, retail trade, wholesale trade, and government employment also decreased. The service sector, however, experienced an increase of 4.5 percent in employment for this same period. As of 1994, the services, government and retail trade industries were the three largest employers in the MSA with 32 percent, 18 percent, and 17 percent of total employment, respectively. Overall, the unemployment rate for this MSA decreased from 4.1 in November 1995 to 3.6 percent in November 1996.



<b>Tract Characteristics</b>	<b>MSA 2335 (Elmira, NY)</b>
Total Number of Tracts	23
LESS: Tracts with Zero Population/Housing	1
Tracts Considered for Analysis	22
Number of Low/Mod Tracts	5
Percent Low/Mod	22.73
Number of Minority Tracts (> = Percent)	0
Number L/M & Minority Tracts	0

<b>Tract Demographics</b>	<b>MSA 2335 (Elmira, NY)</b>
Population	94,416
Population in Low/Mod Tracts	14,517
Percent of Population in Low/Mod Tracts by MSA	15.38
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	0.32
Market Minority Population	5,816
Percent Minority	6.16
Minority Population in Low/Mod Tracts	2,606
Percent Minority in Low/Mod Tracts	2.76
Number of Owner Occupied Units	24,095
Owner Occupied Units in Low/Mod Tracts	1,669
Percent Owner Occupied Units in Low/Mod Tracts	6.93

### **MSA 2335, (Elmira, NY)**

This MSA, which is comprised of Chemung County, has a population of 94.4 thousand, and represents less than 1 percent of Marine's total delineated area population. Of the 22 census tracts considered for analysis in this MSA, 22.7 percent are of low- and moderate-income. Of that, 14,500 people, or 15.4 percent of the MSAs population, lives in these low- and moderate- income census tracts.

There are 35 thousand occupied housing units in the MSA. Of this total, 24 thousand units or 68.5 percent are owner-occupied. Approximately 7 percent of the owner-occupied housing units in the MSA are in low- and moderate-income census tracts.

Between 1990 to 1994, the MSA experienced major drops in employment in the wholesale trade, construction, finance, insurance, and real estate industries. The manufacturing and retail trade industries had slight employment increases. As of 1994, the services, retail trade, and manufacturing industries were the three largest industry employers in the MSA with 28 percent, 20 percent, and 19 percent of total employment, respectively. Overall, the unemployment rate for this MSA decreased from 4.3 percent in November 1995 to 3.6 percent in November 1996.

<b>Tract Characteristics</b>	<b>MSA 3610 (Jamestown, NY)</b>
Total Number of Tracts	33
LESS: Tracts with Zero Population/Housing	0
Tracts Considered for Analysis	33
Number of Low/Mod Tracts	5
Percent Low/Mod	15.15
Number of Minority Tracts (> = Percent)	0
Number L/M & Minority Tracts	0

<b>Tract Demographics</b>	<b>MSA 3610 (Jamestown, NY)</b>
Population	141,895
Population in Low/Mod Tracts	18,879
Percent of Population in Low/Mod Tracts by MSA	13.30
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	0.43
Market Minority Population	7,501
Percent Minority	5.29
Minority Population in Low/Mod Tracts	2,263
Percent Minority in Low/Mod Tracts	1.59
Number of Owner Occupied Units	36,817
Owner Occupied Units in Low/Mod Tracts	3,298
Percent Owner Occupied Units in Low/Mod Tracts	8.96

### **MSA 3610 (Jamestown, NY)**

This MSA, which is comprised of Chautauqua County, has a population of 141.9 thousand people of which 18.9 thousand live in low-and moderate-income census tracts. The population in this MSA represents less than 1 percent of Marine's total delineated population. Of the 33 census tracts used in the analysis of this MSA, 15.2 percent are of low- and moderate-income.

There are 54 thousand occupied housing units in the MSA. Of this total, 37 thousand units or 68.5 percent are owner occupied units. Three thousand owner-occupied housing units are located in low-and moderate-income census tracts.

Between 1990 to 1994, the MSA experienced a drop in employment in the mining, finance, insurance, and real estate industries as well as in the manufacturing and construction industries. The transportation, public utilities, and the services industries had employment increases during this period. As of 1994, the services, manufacturing, and retail trade industries were the three largest industry employers in the MSA. Overall, the unemployment rate for MSA 3610 has decreased from 5.7 in November 1995 to 4.7 in November 1996.

<b>Tract Characteristics</b>	<b>MSA 5660 (Newburgh, NY-PA)</b>
Total Number of Tracts	67
LESS: Tracts with Zero Population/Housing	1
Tracts Considered for Analysis	66
Number of Low/Mod Tracts	14
Percent Low/Mod	21.21
Number of Minority Tracts (> = Percent)	1
Percent Minority	1.52
Number L/M & Minority Tracts	1
Percent L/M & Minority	1.52

<b>Tract Demographics</b>	<b>MSA 5660 (Newburgh, NY-PA)</b>
Population	307,619
Population in Low/Mod Tracts	58,059
Percent of Population in Low/Mod Tracts by MSA	18.87
Percent of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	1.3
Market Minority Population	46,832
Percent Minority	15.22
Minority Population in Low/Mod Tracts	20,785
Percent Minority in Low/Mod Tracts	6.76
Number of Owner Occupied Units	68,474
Owner Occupied Units in Low/Mod Tracts	6,978
Percent Owner Occupied Units in Low/Mod Tracts	10.19

### **MSA 5660 (Newburgh, NY-PA)**

In this MSA, Marine's delineation includes only Orange County. This portion of the MSA has a population of 308 thousand which represents 1.8 percent of Marine's total delineated area population. Of the 66 census tracts used in the analysis of this MSA, 14 or 21.2 percent are of low- and moderate- income. Fifty-eight thousand people, or 19 percent of the delineated area population lives in low- and moderate-income census tracts.

Of the 101 thousand occupied housing units in the assessment area, 68 thousand or 67.3 percent are owner occupied. Of these, 7 thousand or 10.2 percent are located in low- and moderate- income census tracts.

Between 1990 to 1994, the New York State portion of this multistate MSA experienced a major drop in employment in the construction and manufacturing industries. The services industry, however, had an employment increase of 12 percent during this period. As of 1994, the services, government, and retail trade industries were the three largest industry employers in Orange County. Overall, unemployment in this MSA decreased from 4.3 percent in November 1995 to 3.5 percent in November 1996.

<b>Tract Characteristics</b>	<b>Non-MSA</b>
Total Number of BNAs	219
LESS: BNAs with Zero Population/Housing	3
BNAs Considered for Analysis	216
Number of Low/Mod BNAs	26
Percent Low/Mod	12.04
Number of Minority BNAs (> = Percent)	3
Percent Minority	1.39
Number L/M & Minority BNAs	2
Percent L/M & Minority	0.93

<b>Tract Demographics</b>	<b>Non-MSA</b>
Population	832,437
Population in Low/Mod BNAs	78,090
Percent of Population in Low/Mod BNAs	9.38
Percent of Population in Low/Mod BNAs to Total Population in Low/Mod BNAs	1.78
Market Minority Population	59,273
Percent Minority	7.12
Minority Population in Low/Mod BNAs	13,415
Percent Minority in Low/Mod BNAs	1.61
Number of Owner Occupied Units	192,485
Owner Occupied Units in Low/Mod BNAs	19,302
Percent Owner Occupied Units in Low/Mod BNAs	10.03

### **Non-MSA**

The non-MSA portion of Marine's delineation stretches from Cattaraugus County in the southwest portion of upstate New York to Clinton County in the far northeast portion of the state. The bank divides these areas into four regions with Cattaraugus and Wyoming in the western region; Schuyler and Tompkins Counties in the Rochester region; Jefferson, Lewis, St. Lawrence, Franklin, and Hamilton in the central region; and Sullivan, Ulster, Clinton, and Essex in the capital region.

The percentage of owner-occupied housing range from 49.5 percent in the capital region to 61.1 percent in the west region. The median housing cost range from \$43.7 thousand in the west to \$87.5 thousand in the Rochester region. The percentage of owner-occupied housing units in low- and moderate-income BNAs is 10.5 percent for the entire non-MSA portion of the delineation and this percentage is consistent throughout the counties that make up the non MSA.

Services provide 38.6 percent of all jobs in the non-MSA portion of Marine's delineation. This is followed by government at 18 percent and retail trade at 16 percent. This portion of the delineation has lost some manufacturing jobs over the last few years, but manufacturing was never a major contributor to overall employment in the non-MSA counties.

**Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.**

Marine's corporate contributions in support of community and economic development initiatives totaled \$584 thousand for the examination period. Additional contributions supported education, health and human services, and environmental projects.

Marine's long term municipal and industrial revenue bond holdings from municipalities located within its delineation totaled \$13.8 million and \$63.9 million as of October 31, 1996, respectively.

APPENDIX A  
 SCOPE OF EXAMINATION

SCOPE OF EXAMINATION : FULL SCOPE EXAMINATION.			
TIME PERIOD REVIEWED	1/1/95 TO 8/31/96		
<b><u>FINANCIAL INSTITUTION</u></b>  <b><u>Marine Midland Bank</u></b> <b><u>Buffalo, NY</u></b>			<b><u>PRODUCTS REVIEWED</u></b>  <ul style="list-style-type: none"> <li>● <u>Mortgage Loans</u></li> <li>● <u>Home Improvement Loans</u></li> <li>● <u>Small Business Loans</u></li> <li>● <u>Community Development activities</u></li> </ul>
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
<b>Marine Midland Mortgage Corporation</b> <b>Buffalo, NY</b>	<b>Bank subsidiary</b>		● <b>Mortgage Loans</b>
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
<b>NEW YORK</b>  <b>MSA 5600 (New York, NY)</b>	<b>On-site</b>	<b>6</b>	<b>Loan products are offered in all areas except the following programs which are offered in specific MSAs.</b> <b>-Brooklyn Union Gas Residential Finance Program</b> <b>-New York Small Business Reserve Fund</b> <b>-Rockland Economic Development Corporation</b> <b>-Westchester Regional Small Business Loan Program</b> <b>-New York Neighbors 2-4</b> <b>-Neighbors Works National</b>
<b>MSA 5380 (Nassau-Suffolk, NY)</b>	<b>Off-site</b>	<b>1</b>	

<b>MSA 1280 (Buffalo-Niagara Falls, NY)</b>	<b>Off-site</b>	<b>4</b>	<b>Campaign for Homeownership</b>
			<b>-Clarkson Center Weatherization Program -Lackawana Community Home Improvement Program -Buffalo and Erie County Reginal Development Corporation</b>
<b>MSA 6840 (Rochester, NY)</b>	<b>Off-site</b>	<b>4</b>	
<b>MSA 0160 (Albany-Schenectady-Troy, NY)</b>	<b>Off-site</b>	<b>0</b>	<b>-Niagara Mohawk Borrower to Benefit</b>
<b>MSA 8160 (Syracuse, NY)</b>	<b>Off-site</b>	<b>0</b>	
<b>MSA 8680 (Utica-Rome, NY)</b>	<b>Off-site</b>	<b>0</b>	<b>-Utica Housing Partnership -Rome Home</b>
<b>MSA 5660 (Newburgh, NY-PA)</b>	<b>Off-site</b>	<b>1</b>	
<b>MSA 0960 (Binghamton, NY)</b>	<b>Off-site</b>	<b>0</b>	
<b>MSA 2281 (Dutchess County, NY)</b>	<b>Off-site</b>	<b>0</b>	
<b>MSA 3610 (Jamestown, NY)</b>	<b>Off-site</b>	<b>0</b>	
<b>MSA 2335 (Elmira, NY)</b>	<b>Off-site</b>	<b>0</b>	
<b>MSA 2975 (Glen Falls, NY)</b>	<b>Off-site</b>	<b>0</b>	
<b>Non-MSA</b>	<b>Off-site</b>	<b>0</b>	<b>-HUD Section 184 Indian Housing Program -NMGAS Commercial Financial Program</b>